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HOUSE OF REPRESENTATIVES

INTERIM REPORT
OF THE
ACTIVITIES
OF THE
HOUSE COMMITTEE ON GOVERNMENT
OPERATIONS
NINETY-FOURTH CONGRESS
FIRST SESSION
1975



JANUARY 1976

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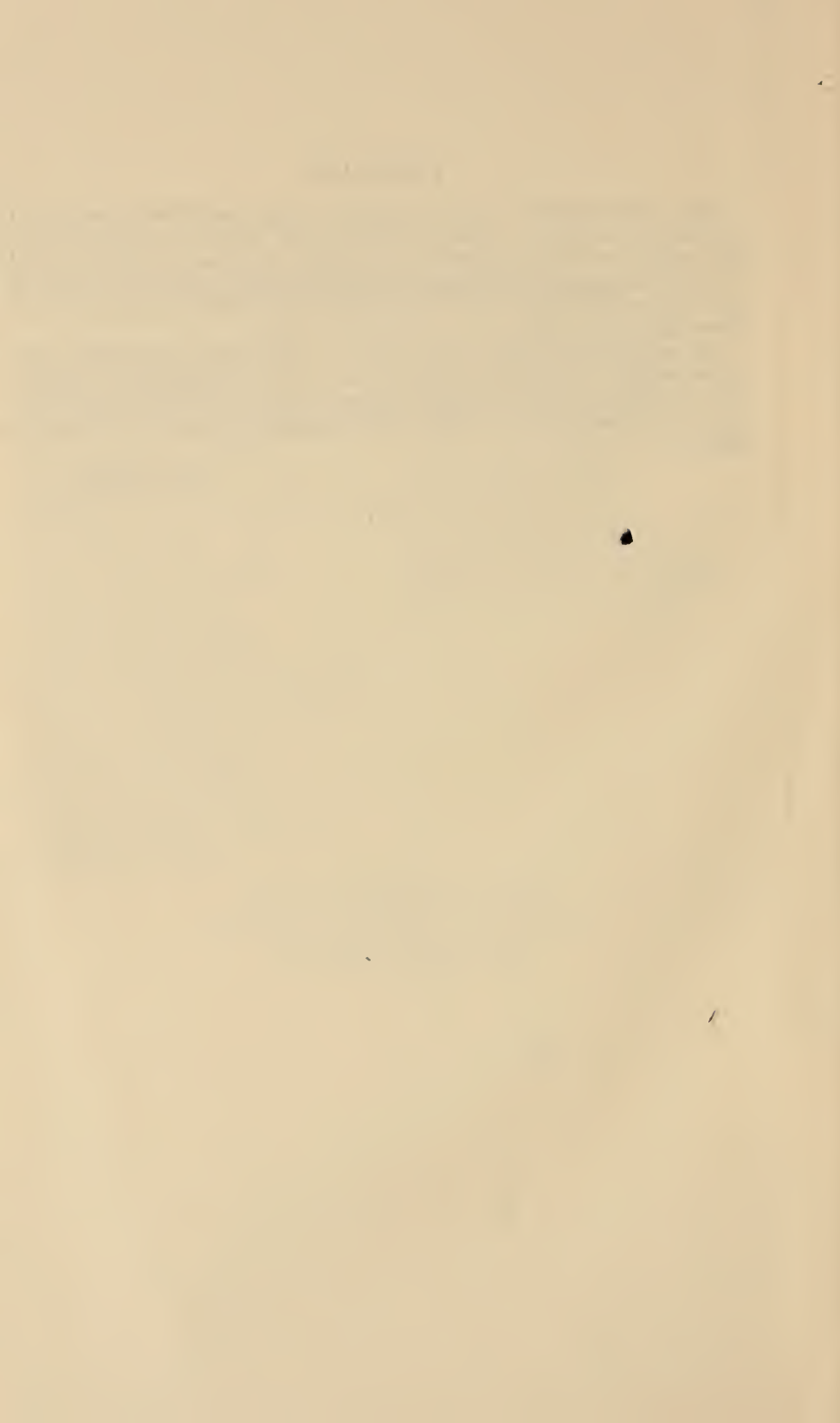
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PREFACE

This report follows our committee's long-established practice of publishing yearly its activities report as an interim report after the first session of each Congress. A separate and final report covering activities during both sessions is published at the end of the Congress and transmitted to the House pursuant to the biennial requirement of House Rule XI, 1(b).

The present report describes fully the committee's jurisdiction and organization, and details our activities as well as projected programs for the second session. I believe it attests both our considerable accomplishments during 1975 and the high momentum we are carrying into 1976.

JACK BROOKS,
Chairman.



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INTERIM REPORT OF THE ACTIVITIES OF THE HOUSE COMMITTEE ON GOVERNMENT OP- ERATIONS, 94TH CONGRESS, 1ST SESSION, 1975

PART ONE. GENERAL STATEMENT OF ORGANIZATION AND ACTIVITIES

I. Jurisdiction, Authority, Powers, and Duties

The Rules of the House of Representatives provide for election by the House, at the commencement of each Congress, of 22 named standing committees, one of which is the Committee on Government Operations.¹ Pursuant to House Resolutions 76 and 101 (adopted Jan. 20 and 28, 1975) listing members of committees, the membership of the Committee on Government Operations was increased from 42 to 43.

Rule X sets forth the committee's jurisdiction, functions, and responsibilities as follows:

RULE X

ESTABLISHMENT AND JURISDICTION OF STANDING COMMITTEES

THE COMMITTEES AND THEIR JURISDICTION

1. There shall be in the House the following standing committees, each of which shall have the jurisdiction and related functions assigned to it by this clause and clauses 2, 3, and 4; and all bills, resolutions, and other matters relating to subjects within the jurisdiction of any standing committee as listed in this clause shall (in accordance with and subject to clause 5) be referred to such committees, as follows:

* * * * *

(h) COMMITTEE ON GOVERNMENT OPERATIONS

- (1) Budget and accounting measures, other than appropriations.
- (2) The overall economy and efficiency of Government operations and activities, including Federal procurement.
- (3) Reorganizations in the executive branch of the Government.
- (4) Intergovernmental relationships between the United States and the States and municipalities, and general revenue sharing.
- (5) National archives.

In addition to its legislative jurisdiction under the preceding provisions of this paragraph (and its oversight functions under clause 2(b) (1) and (2)), the committee shall have the function of performing the activities and conducting the studies which are provided for in clause 4(c).

* * * * *

¹ Rule X.

GENERAL OVERSIGHT RESPONSIBILITIES

2. (a) In order to assist the House in—

(1) its analysis, appraisal, and evaluation of (A) the application, administration, execution, and effectiveness of the laws enacted by the Congress, or (B) conditions and circumstances which may indicate the necessity or desirability of enacting new or additional legislation, and

(2) its formulation, consideration, and enactment of such modifications of or changes in those laws, and of such additional legislation, as may be necessary or appropriate,

the various standing committees shall have oversight responsibilities as provided in paragraph (b).

(b)(1) Each standing committee (other than the Committee on Appropriations and the Committee on the Budget) shall review and study, on a continuing basis, the application, administration, execution, and effectiveness of those laws, or parts of laws, the subject matter of which is within the jurisdiction of that committee, and the organization and operation of the Federal agencies and entities having responsibilities in or for the administration and execution thereof, in order to determine whether such laws and the programs thereunder are being implemented and carried out in accordance with the intent of the Congress and whether such programs should be continued, curtailed, or eliminated. In addition, each such committee shall review and study any conditions or circumstances which may indicate the necessity or desirability of enacting new or additional legislation within the jurisdiction of that committee (whether or not any bill or resolution has been introduced with respect thereto), and shall on a continuing basis undertake future research and forecasting on matters within the jurisdiction of that committee. Each such committee having more than twenty members shall establish an oversight subcommittee, or require its subcommittees, if any, to conduct oversight in the area of their respective jurisdiction, to assist in carrying out its responsibilities under this subparagraph.

The establishment of oversight subcommittees shall in no way limit the responsibility of the subcommittees with legislative jurisdiction from carrying out their oversight responsibilities.

(2) The Committee on Government Operations shall review and study, on a continuing basis, the operation of Government activities at all levels with a view to determining their economy and efficiency.

* * * * *

(c) At the beginning of each Congress, an appropriate representative of the Committee on Government Operations shall meet with appropriate representatives of each of the other committees of the House to discuss the oversight plans of such committees and to assist in coordinating all of the oversight activities of the House during such Congress. Within 60 days after the Congress convenes, the Committee on Government Operations shall report to the House the results of such meetings and discussions, and any recommendations which it may have

to assure the most effective coordination of such activities and otherwise achieve the objectives of this clause.

(d) Each standing committee of the House shall have the function of reviewing and studying on a continuing basis the impact or probable impact of tax policies affecting subjects within its jurisdiction as described in clauses 1 and 3.

* * * * *

ADDITIONAL FUNCTIONS OF COMMITTEES

4.

* * * * *

(c) (1) The Committee on Government Operations shall have the general function of—

(A) receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the House as it deems necessary or desirable in connection with the subject matter of such reports;

(B) evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government; and

(C) studying intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member.

(2) In addition to its duties under subparagraph (1), the Committee on Government Operations may at any time conduct investigations of any matter without regard to the provisions of clause 1, 2, or 3 (or this clause) conferring jurisdiction over such matter upon another standing committee. The committee's findings and recommendations in any such investigation shall be made available to the other standing committee or committees having jurisdiction over the matter involved (and included in the report of any such other committee when required by clause 2(1) (3) of Rule XI).

* * * * *

Rule XI provides authority for investigations and studies, as follows:

RULE XI

RULES OF PROCEDURE FOR COMMITTEES

IN GENERAL

1.

* * * * *

(b) Each committee is authorized at any time to consider such investigations and studies as it may consider necessary or appropriate in the exercise of its responsibilities under Rule X, and (subject to the adoption of expense resolutions as required by clause 5) to incur expenses (including travel expenses) in connection therewith.

* * * * *

(d) Each committee shall submit to the House, not later than January 2 of each odd-numbered year, a report on the activities of that committee under this rule and Rule X during the Congress ending at noon on January 3 of such year.

* * * * *

Power to sit and act; subpoena power

(m) (1) For the purpose of carrying out any of its functions and duties under this rule and Rule X (including any matters referred to it under clause 5 of Rule X), any committee, or any subcommittee thereof, is authorized (subject to subparagraph (2) (A) of this paragraph)—

(A) to sit and act at such times and places within the United States, whether the House is in session, has recessed, or has adjourned, and to hold such hearings, and

(B) to require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents, as it deems necessary. The chairman of the committee, or any member designated by such chairman, may administer oaths to any witness.

(2) (A) A subpoena may be issued by a committee or subcommittee under subparagraph (1) (B) in the conduct of any investigation or activity or series of investigations or activities, only when authorized by a majority of the members of the committee, and authorized subpoenas shall be signed by the chairman of the committee or by any member designated by the committee.

(B) Compliance with any subpoena issued by a committee or subcommittee under subparagraph (1) (B) may be enforced only as authorized or directed by the House.

Use of committee funds for travel

(n) Funds authorized for a committee under clause 5 are for expenses incurred in the committee's activities within the United States; however, local currencies owned by the United States shall be made available to the committee and its employees engaged in carrying out their official duties outside the United States. No appropriated funds shall be expended for the purpose of defraying expenses of members of the committee or its employees in any country where local currencies are available for this purpose; and the following conditions shall apply with respect to their use of such currencies:

(1) No member or employee of the committee shall receive or expend local currencies for subsistence in any country at a rate in excess of the maximum per diem rate set forth in applicable Federal law.

(2) Each member or employee of the committee shall make to the chairman of the committee an itemized report showing the number of days visited in each country whose local currencies were spent, the amount of per diem furnished, and the cost of transportation if furnished by public carrier, or, if such transportation is furnished by an agency of the United States Govern-

ment, the cost of such transportation and the identification of the agency. All such individual reports shall be filed by the chairman with the Committee on House Administration and shall be open to public inspection.

The committee also exercises authority under a number of congressional mandates.²

5 U.S.C. sec. 2954

Information to committees of Congress on request

An executive agency, on request of the Committee on Government Operations of the House of Representatives, or of any seven members thereof, or on request of the Committee on Government Operations of the Senate, or any five members thereof, shall submit any information requested of it relating to any matter within the jurisdiction of the committee. (Sept. 6, 1967; Public Law 89-554; 80 Stat. 378, 413.)

31 U.S.C. sec. 53(b)

Investigations and reports by Comptroller General

* * * * *

(b) He [the Comptroller General] shall make such investigations and reports as shall be ordered by either House of Congress or by any committee of either House having jurisdiction over revenue, appropriations, or expenditures. The Comptroller General shall also, at the request of any such committee, direct assistants from his office to furnish the committee such aid and information as it may request. (June 10, 1921; ch. 18, title III, sec. 312; 42 Stat. 25.)

31 U.S.C. sec. 60

Analyses of executive agencies' expenditures by Comptroller General; reports to congressional committees

The Comptroller General is authorized and directed to make an expenditure analysis of each agency in the executive branch of the Government (including Government corporations), which, in

² For legislation imposing duties specifically on the committee, see, for example, sec. 203 (e) (6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(6e)), relating to negotiated disposal of Federal surplus property. It requires that explanatory statements be sent "to the appropriate committees of the Congress" in advance of negotiated disposal under that act of all real and personal property (with limited exceptions) whose fair market value exceeds \$1,000. The present statutory language stems from a 1958 amendment (Act of July 2, 1958; 72 Stat. 288). In the legislative report on that amendment, the Committee on Government Operations was specifically mentioned as the appropriate committee of the House (H. Rept. No. 1763, 85th Cong., pp. 3-5). See 41 CFR 101-47.304-12(d). Previously, under the original language of this provision (sec. 1(i) of the Act of July 12, 1952; 66 Stat. 593), it had likewise been the Government Operations Committee's function to receive such explanatory statements. Cf. H. Rept. No. 982, 83d Cong. p. 2.) See also sec. 414(a) of the Housing and Urban Development Act of 1969, as amended by the Housing and Urban Development Act of 1970 (Public Law 91-609, Dec. 31, 1970), relating to disposition of surplus land for low- and moderate-income housing. See also sec. 304 of the Intergovernmental Cooperation Act of 1968 (Public Law 90-577), under which executive agencies must furnish each year to the Committees on Government Operations summary reports of special or technical services provided to local governments. See also 2 U.S.C. secs. 191-194, relating to oaths and testimony before a congressional committee.

the opinion of the Comptroller General, will enable Congress to determine whether public funds have been economically and efficiently administered and expended. Reports on such analyses shall be submitted by the Comptroller General, from time to time, to the Committees on Government Operations, to the Appropriations Committees, and to the legislative committees having jurisdiction over legislation relating to the operations of the respective agencies, of the two Houses. (Aug. 2, 1946; ch. 753, title II, § 206; 60 Stat. 837.)³

³ For other requirements which relate to General Accounting Office reports to Congress and which affect the committee, *see* secs. 232 and 236 of the Legislative Reorganization Act of 1970 (Public Law 91-510).

II. Historical Background

The committee was initially named the "Committee on Expenditures in the Executive Departments." Its antecedents are summarized in Cannon's *Precedents of the House of Representatives*, vol. VII, sec. 2041, p. 831 (1935), as follows:

This committee was created, December 5, 1927, by the consolidation of the eleven Committees on Expenditures in the various Departments of the Government, the earliest of which has been in existence since 1816. As adopted in 1816, the rule did not include the committees for the Departments of Interior, Justice, Agriculture, Commerce, and Labor. The committees for these Departments date, respectively, from 1860, 1874, 1889, 1905, and 1913.

The resolution providing for the adoption of the rules of the 70th Congress discontinued the several committees on expenditures and transferred their functions to the newly created Committee on Expenditures in the Executive Departments:

On March 17, 1928, the jurisdiction of the committee was further enlarged by the adoption of a resolution, reported from the Committee on Rules, including within its jurisdiction the independent establishments and commissions of the Government.⁴

From 1928 until January 2, 1947, when the Legislative Reorganization Act of 1946 became effective, the committee's jurisdiction was set forth in Rule XI, 34, of the House Rules then in force (H. Doc. 810, 78th Cong., 2d Sess. (1945)), as follows:

POWERS AND DUTIES OF COMMITTEES

* * * * *

34. The examination of the accounts and expenditures of the several departments, independent establishments, and commissions of the Government, and the manner of keeping the same; the economy, justness, and correctness of such expenditures; their conformity with appropriation laws; the proper application of public moneys; the security of the Government against unjust and extravagant demands; retrenchment; the enforcement of the payment of moneys due to the United States; the economy and accountability of public officers; the abolishment of useless offices, shall all be subjects within the jurisdiction of the Committee on Expenditures in the Executive Departments.

The Legislative Reorganization Act of 1946, section 121(b), as adopted in paragraphs (a), (b), and (c) of Rule XI, 8 of later Rules of the House (XI, 9 in the 93d Congress), provided:

⁴ Examples of the wide-ranging scope of the committee's jurisdiction may be found in Cannon's *Precedents*, *supra*, VII, secs. 2042-2046 pp. 831-833 (1935).

COMMITTEE ON GOVERNMENT OPERATIONS

- (a) Budget and accounting measures, other than appropriations.
- (b) Reorganizations in the executive branch of the Government.
- (c) Such committee shall have the duty of—
 - (1) receiving and examining reports of the Comptroller General of the United States and of submitting such recommendations to the House as it deems necessary or desirable in connection with the subject matter of such reports;
 - (2) studying the operation of Government activities at all levels with a view to determining its economy and efficiency;
 - (3) evaluating the effects of laws enacted to reorganize the legislative and executive branches of the Government;
 - (4) studying intergovernmental relationships between the United States and the States and municipalities, and between the United States and international organizations of which the United States is a member.

(d) For the purpose of performing such duties the committee, or any subcommittee thereof when authorized by the committee, is authorized to sit, hold hearings, and act at such times and places within the United States, whether or not the House is in session, is in recess, or has adjourned, to require by subpoena or otherwise the attendance of such witnesses and the production of such papers, documents, and books, and to take such testimony as it deems necessary. Subpoenas may be issued under the signature of the chairman of the committee or of any subcommittee, or by any member designated by any such chairman, and may be served by any person designated by any such chairman or member.⁵

The 1946 Act contained the following proviso:

Provided, That unless otherwise provided herein, any matter within the jurisdiction of a standing committee prior to January 2, 1947, shall remain subject to the jurisdiction of that committee or of the consolidated committee succeeding generally to the jurisdiction of that committee.

This proviso was omitted from the Rules of the House adopted January 3, 1953.⁶

Under the Constitution (Art. I, sec. 5, cl. 2). "Each House may determine the Rules of its Proceedings." Omission of the proviso made no substantive change, since the scope of the committee's jurisdiction prior to January 2, 1947, was embraced within the committee's jurisdiction as stated in existing rules and precedents.

The committee's membership, which was fixed at 21 when it was consolidated on December 5, 1927, was increased to 25 when the Legislative Reorganization Act of 1946 became effective on January 2, 1947. In 1951, the committee's membership was increased to 27.⁷ From 1953 until January 1963, the committee's membership remained at 30.⁸ Pursuant to H. Res. 108, 88th Congress, adopted January 17, 1963, the committee was enlarged to 31 members. In the 89th Congress the mem-

⁵ Paragraph (d) was adopted by the House Feb. 10, 1947.

⁶ H. Res. 5, 83d Cong. (99 Cong. Rec. 15). Cf. rules in H. Doc. 564, 82d Cong., 2d sess., p. 328 and in H. Doc. 739, 81st Cong., 2d sess., p. 326.

⁷ H. Res. 60, 82d Cong., 1st sess. (97 Cong. Rec. 184).

⁸ H. Res. 98, 83d Cong. (99 Cong. Rec. 436); H. Res. 84th Cong. (101 Cong. Rec. 484); H. Res. 89, 85th Cong. (103 Cong. Rec. 412); H. Res. 120, 86th Cong. (105 Cong. Rec. 841); H. Res. 137, 87th Cong. (107 Cong. Rec. 1677).

bership of the committee was increased to 34 through passage of H. Res. 114, January 14, 1965. The committee membership in the 90th and 91st Congresses of 35 was first established by H. Res. 128, 90th Congress approved January 16, 1967. The committee membership in the 92d Congress of 39 was established by H. Res. 192, approved February 4, 1971. It was raised to 41 by H. Res. 158, adopted January 24, 1973. The committee membership of 42 was established by H. Res. 1238, adopted July 17, 1974. As stated above, it was increased to the present 43 by H. Resolutions 76 and 101, adopted Jan. 20 and 28, 1975.

Beginning September 28, 1949, the moneys appropriated to the committee were, by House resolution in each session of Congress, available for expenses incurred in conducting studies and investigations authorized under Rule XI, 9 whether made within or without the United States.⁹ In the 94th Congress, these matters are covered in paragraphs (m) and (n) of clause 2 of Rule XI, as set forth above. The funds for the committee's studies and oversight functions during the 1st session of the 94th Congress are provided by H. Res. 295, Mar. 21, 1975. (H. Rept. 94-90.)

The committee's name was changed to "Committee on Government Operations" by House resolution adopted July 3, 1952.¹⁰ The *Congressional Record* indicates the reasons underlying that change in name were, in part, as follows:¹¹

This committee is proposing the indicated change in the present title, in view of the fact that it is misleading and the committee's functions and duties are generally misunderstood by the public.

* * * * *

In suggesting the proposed change the committee based its decision on what it considers to be the major or primary function of the committee under the prescribed duties assigned to it to study "the operations of Government activities at all levels with a view to determining its economy and efficiency." It was the unanimous view of the members of the committee that the proposed new title would be more accurate in defining the purposes for which the committee was created and in clearly establishing the major purpose it serves.

⁹ See items under (1) in footnote 3, of the final calendar of the committee for the 93d Congress (Dec. 31, 1974).

¹⁰ H. Res. 647, 82d Cong. (98 Cong. Rec. 9217). The Senate had made a similar change of name on Mar. 3, 1952, after conferences between the chairman of the House and Senate Committees on Expenditures in the Executive Departments to insure that both Houses would adopt the change in name. S. Res. 280, 82d Cong. (98 Cong. Rec. 1701-1702). See also S. Rept. No. 1231, 80th Cong., 2d sess., p. 3 (May 3, 1948).

¹¹ Letter of Feb. 19, 1952, from the chairman, Senate Committee on Expenditures in the Executive Departments, Senator McClellan to Senator Hayden (98 Cong. Rec. 1702).

III. Organization

A. SUBCOMMITTEES

In order to perform its functions and to carry out its duties as fully and as effectively as possible, the committee under the leadership of its chairman, the Honorable Jack Brooks, of Texas, at the beginning of the 94th Congress, established seven standing subcommittees, which cover the entire field of executive expenditures and operations. The new names, chairmen, and members of these subcommittees are as follows:¹

Legislation and National Security Subcommittee, Jack Brooks, chairman; members: John E. Moss, Benjamin S. Rosenthal, Jim Wright, Don Fuqua, William S. Moorhead, James V. Stanton, Michael Harrington, Frank Horton, John N. Erlenborn, and Joel Pritchard.

Intergovernmental Relations and Human Resources Subcommittee, L. H. Fountain, chairman; members: Don Fuqua, Edward Mezvinsky, Barbara Jordan, John L. Burton, Robert F. Drinan, Glenn English, Elliott H. Levitas, John W. Wydler, Clarence J. Brown, and Alan Steelman.²

Conservation, Energy, and Natural Resources Subcommittee, William S. Moorhead, chairman; members: Dante B. Fascell, Leo J. Ryan, L. H. Fountain, John L. Burton, Torbert H. Macdonald, Fernand J. St Germain, Richardson Preyer, Gilbert Gude, Paul N. McCleskey, Jr., and Edwin B. Forsythe.

Government Activities and Transportation Subcommittee, Wm. J. Randall, chairman; members: Cardiss Collins, Glenn English, Bella S. Abzug, Richardson Preyer, David W. Evans, Floyd V. Hicks,³ Les Aspin,³ Charles Thone, Edwin B. Forsythe, and Willis D. Gradison, Jr.

Commerce, Consumer, and Monetary Affairs Subcommittee, Benjamin S. Rosenthal, chairman; members: Cardiss Collins, Robert F. Drinan, Elliott H. Levitas, David W. Evans, Anthony Moffett, Andrew Maguire, Edward Mezvinsky, Garry Brown, Willis D. Gradison, Jr., and John N. Erlenborn.

Manpower and Housing Subcommittee, Floyd V. Hicks, chairman; members: Wm. J. Randall, Fernand J. St Germain, John Conyers, Jr., James V. Stanton, Barbara Jordan, Les Aspin,⁴ Jim Wright,⁵ Robert W. Kasten, Jr.,⁶ Joel Pritchard, and Alan Steelman.⁶

¹ The chairman and the ranking minority member of the committee are ex-officio members of all subcommittees on which they do not hold a regular assignment.

² Appointed to subcommittee Oct. 9, 1975.

³ Appointed to subcommittee Feb. 25, 1975.

⁴ Appointed to subcommittee Feb. 24, 1975.

⁵ Appointed to subcommittee July 17, 1975.

⁶ Rank on subcommittee reversed Oct. 9, 1975.

Government Information and Individual Rights Subcommittee, Bella S. Abzug, chairwoman; members: Leo J. Ryan, John Conyers, Jr., Torbert H. Macdonald, John E. Moss, Michael Harrington, Andrew Maguire, Anthony Moffett,⁵ Sam Steiger, Clarence J. Brown, and Paul N. McCloskey, Jr.

B. RULES OF THE COMMITTEE ON GOVERNMENT OPERATIONS

Rule XI, 1(a) (1) of the House of Representatives provides:

The Rules of the House are the rules of its committees and subcommittees so far as applicable, except that a motion to recess from day to day is a motion of high privilege in committees and subcommittees.

Rule XI, 2(a) of the House of Representatives provides, in part:

Each standing committee of the House shall adopt written rules governing its procedure. * * *

In accordance with the foregoing, the Committee on Government Operations, on February 4, 1975, adopted the following as the rules of the committee:

Rule 1.—Application of Rules

Except where the terms "full committee" and "subcommittee" are specifically referred to, the following rules shall apply to the Committee on Government Operations and its subcommittees as well as to the respective chairmen.

[See House Rule XI, 1.]

Rule 2.—Meetings

The regular meetings of the full committee shall be held on the third Thursday of each month at 10 a.m., except when Congress has adjourned. The chairman is authorized to dispense with a regular meeting or to change the date thereof, and to call and convene additional meetings, when circumstances warrant. A special meeting of the committee may be requested by members of the committee in accordance with the provisions of House Rule XI, 2(c) (2). Subcommittees shall meet at the call of the subcommittee chairmen. Every member of the committee or the appropriate subcommittee, unless prevented by unusual circumstances, shall be provided with a memorandum at least three calendar days prior to each meeting or hearing explaining (1) the purpose of the meeting or hearing; and (2) the names, titles, background and reasons for appearance of any witnesses. The minority staff shall be responsible for providing the same information on witnesses whom the minority may request.

[See House Rule XI, 2(b).]

Rule 3.—Quorums

A majority of the members of the committee shall constitute a quorum, except that two members shall constitute a quorum for taking testimony and receiving evidence. Proxies shall not be used to establish a quorum. If the chairman is not present at any meeting of

the committee or subcommittee, the ranking member of the majority party on the committee or subcommittee who is present shall preside at that meeting.

[See House Rule XI, 2(h).]

Rule 4.—Committee Reports

Bills and resolutions approved by the committee shall be reported by the chairman in accordance with House Rule XI, 2(1).

Every investigative report shall be approved by a majority vote of the committee at a meeting at which a quorum is present. Supplemental, minority, or additional views may be filed in accordance with House Rule XI, 2(1) (5). The time allowed for filing such views shall be three calendar days (excluding Saturdays, Sundays, and legal holidays) unless the committee agrees to a different time, but agreement on a shorter time shall require the concurrence of each member seeking to file such views. A proposed report shall not be considered in subcommittee or full committee unless the proposed report has been available to the members of such subcommittee or full committee for at least three calendar days (excluding Saturdays, Sundays, and legal holidays) prior to the consideration of such proposed report in subcommittee or full committee. If hearings have been held on the matter reported upon, every reasonable effort shall be made to have such hearings available to the members of the subcommittee or full committee prior to the consideration of the proposed report in such subcommittee or full committee.

Rule 5.—Proxy Votes

A member may vote by proxy on any measure or matter before the committee and on any amendment or motion pertaining thereto. A proxy shall be in writing and be signed by the member granting the proxy; it shall show the date and time of day it was signed and the date for which it is given and the member to whom the proxy is given. Each proxy authorization shall state that the member is absent on official business or is otherwise unable to be present; shall be limited to the date and the specific measure or matter to which it applies; and, unless it states otherwise, shall apply to any amendments or motions pertaining to that measure or matter.

[See House Rule XI, 2(f).]

Rule 6.—Roll Calls

A roll call of the members may be had upon the request of any member.

[See House Rule XI, 2(e).]

Rule 7.—Record of Committee Actions

The committee staff shall maintain in the committee offices a complete record of committee actions including a record of the roll-call votes taken at committee business meetings. The original records, or true copies thereof, as appropriate, shall be available for public inspection whenever the committee offices are open for public business.

The staff shall assure that such original records are preserved with no unauthorized alteration, additions, or defacement.

[See House Rule XI, 2(e).]

Rule 8.—Subcommittees; Referrals

There shall be seven subcommittees with appropriate party ratios which shall have fixed jurisdictions. Bills, resolutions, and other matters shall be referred by the chairman to subcommittees within two weeks for consideration or investigation in accordance with their fixed jurisdictions. Where the subject matter of the referral involves the jurisdiction of more than one subcommittee or does not fall within any previously assigned jurisdiction, the chairman shall refer the matter as he may deem advisable. Bills, resolutions, and other matters referred to subcommittees may be reassigned by the chairman when, in his judgment, the subcommittee is not able to complete its work or cannot reach agreement thereon.

[See House Rule XI, 1(a)(2).]

Rule 9.—Ex Officio Members

The chairman and the ranking minority member of the committee shall be ex officio members of all subcommittees. They are authorized to vote on subcommittee matters; but, unless they are regular members of the subcommittee, they shall not be counted in determining a subcommittee quorum other than a quorum for the purpose of taking testimony.

Rule 10.—Staff

Except as otherwise provided by House Rule XI, 5 and 6, the chairman of the full committee shall have the authority to hire and discharge employees of the professional and clerical staff of the full committee and of subcommittees subject to appropriate approval.

Rule 11.—Staff Direction

Except as otherwise provided by House Rule XI, 5 and 6, the staff of the committee shall be subject to the direction of the chairman of the full committee and shall perform such duties as he may assign.

Rule 12.—Hearing Dates and Witnesses

The chairman of the full committee will announce the date, place, and subject matter of all hearings at least one week prior to the commencement of any hearings, unless he determines that there is good cause to begin such hearings at an earlier date. In order that the chairman of the full committee may coordinate the committee facilities and hearing plans, each subcommittee chairman shall notify him of any hearing plans at least two weeks in advance of the date of commencement of hearings, including the date, place, subject matter, and the names of witnesses, willing and unwilling, who would be called to testify, including, to the extent he is advised thereof, witnesses whom the minority members may request. The minority mem-

bers shall supply the names of witnesses they intend to call to the chairman of the full committee or subcommittee at the earliest possible date. Witnesses appearing before the committee shall, so far as practicable, submit written statements at least 24 hours in advance of their appearance.

[See House Rule XI, 2 (g) (3), (g) (4), (j), and (k).]

Rule 13.—Open Meetings

Meetings for the transaction of business and hearings of the committee shall be open to the public or closed in accordance with Rule XI of the House of Representatives.

[See House Rule XI, 2(g).]

Rule 14.—Five-Minute Rule

A committee member may question a witness only when recognized by the chairman for that purpose. In accordance with House Rule XI, 2(j) (2), each committee member may request up to five minutes to question a witness until each member who so desires has had such opportunity. Until all such requests have been satisfied, the chairman shall, so far as practicable, recognize alternately on the basis of seniority those majority and minority members present at the time the hearing was called to order and others on the basis of their arrival at the hearing. Thereafter, additional time may be extended at the direction of the chairman.

Rule 15.—Investigative Hearings; Procedure

Investigative hearings shall be conducted according to the procedures in House Rule XI, 2(k). All questions put to witnesses before the committee shall be relevant to the subject matter before the committee for consideration, and the chairman shall rule on the relevance of any questions put to the witness.

Rule 16.—Stenographic Record

A stenographic record of all testimony shall be kept of public hearings and shall be made available on such conditions as the chairman may prescribe.

Rule 17.—TV, Radio, and Photographs

When approved by a majority vote, an open meeting or hearing of the committee or a subcommittee may be covered, in whole or in part, by television broadcast, radio broadcast, and still photography, or by any of such methods of coverage, subject to the provisions of House Rule XI, 3. In order to enforce the provisions of said rule or to maintain an acceptable standard of dignity, propriety, and decorum, the chairman may order such alteration, curtailment, or discontinuance of coverage as he determines necessary.

Rule 18.—Additional Duties of Chairman

The chairman of the full committee shall :

(a) Make available to other committees the findings and recommendations resulting from the investigations of the committee or its subcommittees as required by House Rule X, 4(c) (2) ;

(b) Arrange such meetings, designate participants and submit such reports to the House as may be necessary to carry out the coordination of oversight activities and reporting requirements under House Rule X, 2(c) ;

(c) Direct such review and studies on the impact or probable impact of tax policies affecting subjects within the committee's jurisdiction as required by House Rule X, 2(d) ;

(d) Submit to the Committee on the Budget views and estimates required by House Rule X, 4(g) ; and

(e) Prepare, after consultation with subcommittee chairmen and the minority, a budget for the committee which shall include an adequate budget for the subcommittees to discharge their responsibilities.

IV. Activities, First Session, 94th Congress

SUMMARY

1. In the first session of the 94th Congress, the committee approved and submitted to the House of Representatives 5 investigative reports and one special oversight report. In addition, the committee issued 2 committee prints.

2. In the first session of the 94th Congress, 381 bills and resolutions were referred to the committee and were studied. Of these, the committee reported 7 and 3 were enacted into law. The 7 bills reported actually represent committee consideration of 18 other bills which are identical or related to the measures reported.

3. Pursuant to its duty of studying reports of the Comptroller General, the committee received officially and studied 213 such reports during the first session of the 94th Congress. These reports and 144 other executive communications were referred to the committee under clause 2 of the rule XXIV of the House of Representatives.

4. In 1971, the legislative calendar of the committee was prepared and published for the first time with the use of a computer, which was established and perfected by the House Information Systems Office. The computerized calendar is operated in conjunction with that Office and their Bill Status system. The superior convenience, efficiency, and accuracy of the new system results in approximately a 50-percent savings over the previous system.

The significant actions taken by the committee with respect to these and a considerable number of other matters are discussed in detail below.

A. INVESTIGATIVE REPORTS

During the first session of the 94th Congress, the Committee on Government Operations approved and submitted to the Congress 5 reports of an investigative nature and one special oversight report. At the close of the session six additional investigative reports had been approved by subcommittees and were awaiting full committee consideration. A number of other reports were in preparation and a number of investigations were underway. These will be considered by the subcommittees and the full committee during the second session.

For convenience, the published reports are listed here with the names of the originating subcommittees. A more detailed discussion of the material will be found in part two below in the breakdown of the committee's activities by subcommittee:

Special report to the House (H. Rept. 94-61): "Oversight Plans of the Committees of the U.S. House of Representatives, A Report by the Committee on Government Operations." (Full committee.)

First report (H. Rept. 94-376) : "Housing for the Elderly: The Federal Response." (Manpower and Housing Subcommittee.)

Second report (H. Rept. 94-385) : "Attempted Unauthorized Procurement of Computers by Department of the Army." (Legislation and National Security Subcommittee.)

Third report (H. Rept. 94-412) : "Federal Preparedness To Deal With the Natural Gas Shortage Emergency This Coming Winter." (Conservation, Energy, and Natural Resources Subcommittee.)

Fourth report (H. Rept. 94-563) : "Federal Aviation Administration's Procurement of the Electronic Voice Switching System." (Government Activities and Transportation Subcommittee.)

Fifth report (94-564) : "Improved Procedures Needed by FAA for Implementing NTSB Safety Recommendations." (Government Activities and Transportation Subcommittee.)

B. COMMITTEE PRINTS

Two committee prints, resulting from work by the full committee staff were issued during the first session of the 94th Congress as follows:

"Rules of the Committee on Government Operations, House of Representatives, Together With Selected Rules of the House of Representatives (Including Clause 2 of House Rule XI)." (Full committee.) (March 1975.)

"Freedom of Information Act and Amendments of 1974 (P.L. 93-502) Source Book: Legislative History, Texts, and Other Documents." Committee on Government Operations, U.S. House of Representatives, Subcommittee on Government Information and Individual Rights. Committee on the Judiciary, U.S. Senate, Subcommittee on Administrative Practice and Procedure. (Full committee.) (March 1975.)

C. LEGISLATION

The legislative jurisdiction of the Committee on Government Operations covers a wide range of important governmental operations. The committee receives all budget and accounting measures other than appropriations; all measures relating to the overall economy and efficiency of Government operations and activities, including federal procurement, intergovernmental relationships and general revenue sharing (the latter subject was formerly within the jurisdiction of the Committee on Ways and Means) and the National Archives (formerly within the jurisdiction of the Committee on Post Office and Civil Service); all reorganization plans and bills providing for the establishment of new departments in the executive branch; and most other reorganization legislation, examples of which are legislation to systematize the creation and operation of Federal advisory committees, and bills to establish new commissions and agencies, such as the Energy Research and Development Administration, the Federal Energy Administration, the Commission on Government Procurement, the Cabinet Committee on Opportunities for Spanish-Speaking People, and the Consumer Protection Agency. It also receives legislation deal-

ing with the General Services Administration, including the Federal Property and Administrative Services Act and special bills authorizing the Administrator of General Services to make specific transfers of property, plus legislation dealing with the General Accounting Office, with the Office of Management and Budget, with the Administrative Expenses Act, with the Travel Expenses Act, with the Employment Act of 1946, and with the Wagner-O'Day Act relating to the sale of products and services of blind and other handicapped persons. In addition, the committee has jurisdiction over the Freedom of Information provisions of the Administrative Procedure Act.

Rule X, 2(b) of the standing Rules of the House, requires the committee to oversee and review the administration of all laws in its legislative jurisdiction, and report to the House thereon by the end of each Congress. The present report outlines the extent and nature of the committee and subcommittee activities constituting that review.

During the first session of the 94th Congress, as noted above the committee studied 381 bills and resolutions referred to it and reported 7 to the House. The 7 bills reported actually represent committee consideration of 18 other bills identical or related to the measures reported. The reported measures are discussed more fully in part two below. However, they are listed here for convenience in the order of approval by the committee and with the name of the subcommittees which initially considered them:

H.R. 2302, to revise certain provisions relating to per diem and mileage expenses of Government employees and disabled veterans, and for other purposes (Legislation and National Security Subcommittee, H. Rept. 94-5).

S. 172 (H.R. 4834), to revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of Government employees and for other purposes (Legislation and National Security Subcommittee, H. Rept. 94-104; Public Law 94-22).

H.R. 1244, to establish procedures and regulations for certain protective services provided by the U.S. Secret Service (Legislation and National Security Subcommittee, H. Rept. 94-105, Pt. II).

H.R. 6692, to authorize appropriations for the period July 1, 1976, through September 30, 1976 (Legislation and National Security Subcommittee, H. Rept. 94-282; Public Law 94-144).

S. 200 (H.R. 7575), to establish an Agency for Consumer Protection in order to secure within the Federal Government effective protection and representation of the interests of consumers, and for other purposes (Legislation and National Security Subcommittee, H. Rept. 94-425).

H.R. 8948, to amend the Accounting and Auditing Act of 1950 to provide for the audit, by the Comptroller General, of the Internal Revenue Service and of the Bureau of Alcohol, Tobacco, and Firearms (Commerce, Consumer, and Monetary Affairs Subcommittee, H. Rept. 94-565).

H.R. 9924, to direct the National Commission on the Observance of International Women's Year, 1975, to organize and convene a National Women's Conference, and for other purposes (Government Information and Individual Rights Subcommittee, H. Rept. 94-562; Public Law 94-167).

D. COMMITTEE ACTION ON REPORTS OF THE COMPTROLLER GENERAL

Rule X, 4(c) (1) (A), of the rules of the House, imposes the duty upon this committee to receive and examine reports of the Comptroller General referred to it and to make such recommendations to the House as it deems necessary or desirable in connection with the subject matter of the reports.

In discharging this responsibility, all reports of the Comptroller General received by the committee are studied and analyzed by the staff and referred to the subcommittee of this committee to which has been assigned general jurisdiction over the subject matter involved.

The committee has received a total of 213 General Accounting Office audit reports to the Congress for processing during the first session of the 94th Congress. After preliminary staff study, these reports were referred to subcommittees of this committee as follows:

Legislation and National Security Subcommittee.....	75
Intergovernmental Relations and Human Resources Subcommittee.....	43
Conservation, Energy, and Natural Resources Subcommittee.....	25
Government Activities and Transportation Subcommittee.....	17
Commerce, Consumer, and Monetary Affairs Subcommittee.....	16
Manpower and Housing Subcommittee.....	24
Government Information and Individual Rights Subcommittee.....	13
Total (first session).....	213

The Comptroller General has made a number of special reports to the committee or its subcommittees which are not included in the above figures.

Furthermore, in implementation of section 236 of the Legislative Reorganization Act of 1970, the committee now regularly receives GAO reports which are not addressed to Congress but which contain recommendations to the head of the Federal agency. These are generally reports to the agency heads. The committee also receives from the agency heads their written statements of actions taken with respect to such recommendations, as required by section 236.

Periodic reports are received from the subcommittees on actions taken with respect to individual reports, and monthly reports are made to the chairman as to reports received. During the session, the subcommittees used the reports to further specific investigations and reviews. In most cases, additional information concerning the findings and recommendations of the Comptroller General was requested and received from the administrative agency involved, as well as from the General Accounting Office. More specific information on the actions taken appears in part two, below.

Complete files are maintained by the committee on all Comptroller General's reports received. Detailed records are kept showing the subcommittee to which the report is referred, the date of referral, and the subsequent action taken.

The committee will review all of the Comptroller General's reports received during the Congress in the light of additional information obtained and actions taken by the subcommittees, and determinations will be made whether specific recommendations to the House are necessary or desirable under Rule X.

PART TWO. REPORT OF COMMITTEE ACTIVITIES

I. Matters of Interest, Full Committee

Pursuant to the direction of the chairman, the staff of the committee handles a large number of matters alone or in cooperation with subcommittee staffs. The subjects cover legislation, investigation, research, procedures, and administration. There is close coordination between the full committee and subcommittee staffs, including cooperative review of draft committee reports. Among the more significant matters involving special work by the full committee staff are the following:

1. Oversight Plans of the Committees of the U.S. House of Representatives.

In adopting the Committee Reform Amendments of 1974, the 93d Congress recognized there were serious shortcomings in what is one of the most important congressional functions—oversight of Federal programs and agencies.

The requirement first set forth in the Legislative Reorganization Act of 1946 that each standing committee exercise a continuing study and review of the statutes under its jurisdiction and the executive agencies and departments responsible for administering them, was made far more explicit by the 93d Congress.

In a further effort to strengthen the overall oversight function of the House, it included in the reform amendments a provision now incorporated in clause 2(c) of rule X, which reads as follows:

At the beginning of each Congress an appropriate representative of the Committee on Government Operations shall meet with appropriate representatives of each of the other committees of the House to discuss the oversight plans of such committees and to assist in coordinating all of the oversight activities of the House during such Congress. Within 60 days after the Congress convenes, the Committee on Government Operations shall report to the House the results of such meetings and discussions and any recommendations which it may have to assure the most effective coordination of such activities and otherwise achieve the objectives of this clause.

The committee met this assignment and issued its report to the House. For details see House Report No. 94-61.

2. CIA Employment of Outside Legal Counsel.

On direction of Chairman Brooks an inquiry was initiated into CIA use of outside legal counsel. Several communications were sent by the Chairman to the Director of the Central Intelligence Agency inquiring into the reasons, purposes, and authority for employing private legal counsel to represent his agency before congressional

committees investigating that agency. The Director suggested that his own General Counsel was not in a position to take on the added responsibilities nor give his undivided attention to House and Senate investigations because of his other extensive duties. These and other responses received from the committee's preliminary inquiry were found to be insufficient. In the meantime, and since the Select Committee on Intelligence has shown determination in investigating aspects of the CIA's operations, including its expenditures of money, copies of all correspondence and reports on this subject were referred to the Select Committee for their further review.

3. Travel Allowances for Government Employees.

The full committee assisted the Legislation and National Security Subcommittee in preparing for the hearings and the subsequent reporting of a bill (H.R. 4834) relating to per diem and mileage expenses of Government employees. Statutory maximum travel allowances were last revised in 1969. Because of increases in food, lodging, and other costs, the committee agreed that the maximum rates should be adjusted to better cover the expenses incurred. The bill which was signed into public law in May of 1975 (P.L. 94-22) raised the maximum actual expense reimbursement from \$40 to \$50 per day and the maximum per diem rate for Federal employees from \$25 to \$35 per day. It also raised the maximum mileage allowance for privately owned automobiles from 12 cents to 20 cents per mile. (See A, II, A, I below.)

4. Appropriations for Fiscal Year Transition.

The full committee assisted in preparing legislation (H.R. 6692) for the authorization of appropriations for the fiscal year transition. The purpose of the bill was to provide a general authorization for appropriations for the programs and activities of the Federal Government during the transition period occasioned by the coming change in the fiscal year in 1976. This legislation covered the period from July 1 through September 30, 1976, and was signed into public law in December of 1975 (P.L. 94-144). (See A, II, A, 2 below.)

5. Agency for Consumer Protection.

In June of 1975 the full committee assisted in the preparation of legislation to establish an Agency for Consumer Protection (H.R. 7575). Its goal is to give consumers effective representation in the Federal establishment by protecting their interests in proceedings and activities of Federal agencies and courts when decisions may substantially affect their interests. The full committee reported the bill in July of 1975 and is presently awaiting action by the Senate. (See A, II, A, 4 below.)

6. Renegotiation Board Amendments.

In 1969 and again in 1971 the committee held hearings relating to the operations of the Renegotiation Board and issued several reports on the Board's efficiency and effectiveness. Legislation was introduced (H.R. 10680) and referred to the General Oversight and Renegotiation Subcommittee of the Committee on Banking, Currency, and Housing which provided for the permanency of the Board, giving it subpoena powers and increasing the penalties for violations of the filing

requirements. Because of the prior investigation by this committee into the Board's activities, Chairman Brooks made several recommendations to strengthen the bill while testifying before the General Oversight and Renegotiation Subcommittee.

7. Functions and Duties of the Comptroller General.

The full committee is analyzing proposed draft legislation to revise and restate certain functions and duties of the Comptroller General of the United States. (Executive Communication No. 1272) A bill has also been introduced by Chairman Brooks and referred to the Committee on House Administration that includes a provision allowing the Joint Committee on Congressional Operations to nominate and the Speaker of the House and the President pro tempore of the Senate, upon majority vote of each House, appoint the Comptroller General for a period of ten years.

8. Automatic Data Processing.

The committee maintains oversight over the compliance of P.L. 89-306, known as the Brooks Act, which was designed to encourage competition in the Federal procurement of data processing equipment. The full committee has assisted in several areas relating to this subject, the first being the preparation of a report by the Legislation and National Security Subcommittee entitled "Attempted Unauthorized Procurement of Computers by Department of the Army". Ongoing investigations include the procurement of ADP services by the Federal Trade Commission and a computer contract entered into by the Federal Energy Administration. (See A.I.A. 1 and D.I.B. 2 below.)

9. White House Employment.

During the 93d Congress, the Government Activities Subcommittee held hearings and issued a report entitled "Expenditure of Funds in Support of Presidential Properties". In conclusion, the report indicated that in many cases public funds were used to procure unnecessary items and services. Because of the committee's investigation, the full committee drafted amendments to a bill that clarified the existing authority for employment of personnel at the White House (H.R. 6706). One amendment of particular interest was offered by Chairman Brooks which authorized a GAO audit of expenditures for reception, entertainment, and representation expenses. The amendment was accepted on the House floor.

II. Subcommittees

A. LEGISLATION AND NATIONAL SECURITY SUBCOMMITTEE

Hon. JACK BROOKS, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

1. "Attempted Unauthorized Procurement of Computers by Department of the Army." House Report No. 94-385, July 23, 1975. Second Report by the Committee on Government Operations.

a. Summary.—In a contract executed in 1967, the Army ordered a prototype computer system (ALPHA) from International Business Machines Corporation (IBM). In the process of experimenting with prototype system, it was determined that nine additional IBM 360/65's would complete ALPHA. In 1973, the Army contracted to lease the nine systems. It then accepted an IBM offer to sell the nine systems for \$4.3 million each with, among other discounts, a \$1.6 million discount per system if all nine were purchased.

Four systems were purchased at the discounted price and two were under lease when the General Accounting Office declared the 1973 actions to be "unauthorized" and "not consistent with" the Brooks Act, which was designed to encourage competition in the Federal procurement of data processing equipment and to develop efficient and economical use of data processing equipment. The Army then asked the General Services Administration for permission to procure the remaining systems on a sole source basis from IBM. It alleged that additional contractual payments approximating \$15.1 million, if all nine were not procured from IBM, made a competitive procurement more expensive than continuance of the "unauthorized" contract. Upon being advised of GSA's intention to grant Army's request, the chairman of the subcommittee objected and scheduled hearings on the matter.

Immediately following the hearings, IBM waived any rights it might have had to damages, and the Army agreed to competitively procure the remaining three systems. On July 16, 1975, GSA informed the Government Operations Committee that awards had been made for the remaining three systems.

The committee found that the Army entered into an unauthorized sole source procurement with IBM; that competitive bidding on this procurement would have resulted in a lower purchase price; and that although the Army contracted to buy new IBM computers it, in fact, received used computers.

The committee recommended that the Department of Defense develop policies and procedures to enable it to be at all times in compliance with the Brooks Act and other applicable requirements; that the GSA expand its efforts to prevent illegal acquisitions of computers; and that all Federal agencies develop policies and procedures to prevent the substitution of used computers through the utilization of a lease-purchase transaction under the Federal Supply Schedule.

b. Benefits.—We estimate a saving to the Government of \$15.1 million as a result of this investigation. IBM asserted that if the three systems necessary to complete ALPHA were competitively procured, the Army would owe it \$15.1 million in penalty payments. This was derived from IBM's estimate: That the \$1.6 million discount per system for each of the six purchased systems was contingent upon purchase of nine systems, a total of \$9.6 million; that the discount of an input output device was contingent upon purchase of nine systems, amounting to \$1.6 million; and that "bundled services" chargeable to the remaining three systems if not purchased from IBM, would result in an additional payment to IBM of \$3.9 million.

c. Hearings.—A hearing was held April 28, 1975; the transcript has been printed.

B. OTHER INVESTIGATIONS

1. Irregularities in Navy Contract for West Coast Salvage Services.

a. Summary.—The subcommittee undertook an investigation of the procedures followed and the circumstances surrounding an award of a contract by the Navy to maintain its salvage capability on the West Coast. It was found that the Navy failed to properly follow clearly mandated laws and regulations requiring competition in the contract award; that a draft of the Request for Proposals was available to one competitor six months before the others and that changes were made in the RFP apparently in response to suggestions from that competitor; and that these and other factors indicated favoritism and a predetermination on the part of the Navy to award the contract to a particular company. It was also found that after the General Accounting Office in a protest decision recommended the termination of the contract award and new negotiations on the contract, the Navy procrastinated for nearly ten months before beginning to carry out the GAO recommendations, and then only after the subcommittee scheduled hearings on the matter. It was further found that the GAO practice of rendering protest decisions but failing to see if its recommendations are being observed by the contracting agency needs careful restudy to prevent contracting agencies from systematically ignoring the GAO's recommendations. The subcommittee proposed a number of recommendations which, if adhered to, would very likely avoid a repetition of the procedures complained against in this contract award. A draft report has been approved by the subcommittee and is pending for action before the Full Committee.

b. Benefits.—It is not possible at this time to estimate specific monetary savings from this investigation but inasmuch as the Navy, as a result of the subcommittee's efforts, has indicated that it will terminate the contract and enter into new negotiations, a major gain for sound procurement procedures and for competition among bidders has been achieved.

c. Hearings.—A hearing was held on September 4, 1975. The transcript, entitled "Navy Contract for Salvage Services, West Coast," has been printed.

2. Acquisition by General Services Administration of Property at Laguna Niguel, California.

a. Summary.—The subcommittee undertook an investigation into the acquisition of a building by the General Services Administration at Laguna Niguel, California. The building, owned by the Rockwell International Corporation and appraised at \$20 million, was obtained by an exchange of properties and equipment owned by the Air Force that were declared excess to Air Force needs after negotiations for the exchange had begun. The circumstances surrounding the exchange suggested that it may not have been in harmony with the intent of Congress in assigning responsibility for the acquisition of Federal buildings, or in the exchange provision of the Federal Property and Administrative Services Act. It raised a question as to whether the exchange was in the best interests of the Government.

The subcommittee found that the GSA used bad judgment in acquiring the Laguna Niguel building inasmuch as the exchange of properties was first initiated by Rockwell International Corporation, which had no need for the building and had been unable to sell it. The GSA proceeded to acquire the building without first establishing a need for it and without having sufficient firm commitments for use of the space. Information which GSA received from certain other Federal agencies should have indicated to GSA that the location of the building was inappropriate for use as a Federal office building, and in fact, an Office of Management and Budget memorandum characterized the building as a "white elephant" even though OMB subsequently approved the acquisition. The subcommittee also found that GSA either misrepresented or did not fully present the facts when committees of Congress inquired into the exchange, and that GSA took advantage of the law permitting exchange of properties to circumvent the customary need for congressional action in acquiring the property at Laguna Niguel.

The subcommittee recommended that the GSA submit to Congress within 120 days proposals for the utilization of Laguna Niguel, along with a plan for its disposal if no feasible alternative is available, and that the Air Force should only declare property excess to its needs as it determines and not as other agencies, such as GSA, may determine for it. It also recommended that the Congress consider legislation to prohibit the disposal of Government property by exchange unless the acquisition of the property resulting from the exchange has been specifically authorized by congressional action under certain circumstances. A draft report has been approved by the subcommittee and is pending for action before the Full Committee.

b. Benefits.—It is not possible at this time to estimate the specific monetary savings that will result from this investigation. The property, however, is being grossly under-utilized and alternatives must be found, as recommended by the subcommittee, to avoid a further drain on the Treasury from this unwise acquisition. It is anticipated that GSA will conduct its operations in a much improved manner as a result of this investigation, and the oversight will continue.

c. Hearings.—A hearing was held October 7, 1975; the transcript has been printed.

3. Access of Service Secretaries to Military Information.

a. Summary.—The subcommittee conducted an investigation into allegations that the Secretaries of the military departments—the Army, Navy, and Air Force—within the Department of Defense did not by right have access to all military information. Although the Secretaries are responsible officers of their departments, the question was raised as to whether or not the Secretaries could make proper budgetary, procurement, and other decisions if they are denied access to information on which such decisions must necessarily be based.

Statutes and directives governing the organization of the Department of Defense and its constituent units were reviewed and it was found that the Secretaries of the military departments are not in the chain of command, which chain runs from the Secretary of Defense to the Joint Chiefs of Staff and the unified military commanders. It was also found that civilian control of the military departments could be severely hampered by the lack of access to information. A draft report with specific findings and recommendations is being prepared for the consideration of the subcommittee and, if approved, will be submitted to the Full Committee for action.

b. Benefits.—It is not possible at this time to determine specific monetary savings from this investigation. It is believed, however, that in addition to calling attention to an apparent anachronism in the organization of the defense establishment, the investigation may result in a strengthening of civilian control of the military.

c. Hearings.—A hearing was held on September 10, 1975; the transcript has been printed.

4. National War College Restoration Contract.

a. Summary.—The subcommittee undertook an investigation of alleged irregularities in awarding and administering a contract for the repair of the ceiling of the National War College. The contract was awarded by the Military District of Washington under procedures which smacked of favoritism and a lack of competitive bidding. The original contract was for a payment of \$65,000, but by numerous subsequent amendments, escalated to nearly \$2 million.

The subcommittee found an amazing laxity in the administration of the contract by the MDW, that payments were based on inadequate submissions, that the company was not bonded as is normally required for such contracts, and that warning signals of various kinds were ignored by the contracting agency. A draft report with specific findings and recommendations is being prepared for the consideration of the subcommittee and, if approved, will be submitted to the Full Committee for action.

b. Benefits.—It is not possible at this time to estimate the specific monetary savings that may result from this investigation. It is expected, however, that an effort will be made to recover any funds that may have been improperly paid to the contractor. It is also anticipated that the Army will exercise greater care in the future in the award and administration of contracts let by its component units in view of the continued surveillance which the subcommittee will exercise over these matters.

c. Hearings.—A hearing was held on December 9, 1975; the transcript is being printed.

5. Review of the Powers, Procedures, and Policies of the General Accounting Office.

a. Summary.—The subcommittee undertook an oversight review of the operations of the General Accounting Office and whether or not it was following the will of Congress. It had learned that the Comptroller General had indicated in a brief submitted to the court that the General Accounting Office was an independent agency of the Government. This seemed to contradict the view long held in the Congress that the GAO was an arm of the Congress and assisted the Congress in carrying out its law-making and oversight responsibilities.

During the hearing the Comptroller General presented in detail a justification for his position but assured the Congress that a misunderstanding of his intentions had occurred. Other aspects of the agency's operations were scrutinized and numerous questions were answered. A draft report with specific findings and recommendations is being prepared and will be presented to the subcommittee for its consideration. If approved, the report will be submitted to the Full Committee for action.

b. Benefits.—It is not possible to estimate specific monetary savings from this investigation. It is likely, however, that the General Accounting Office will be more sensitive to its proper role in the future as a result of this investigation and the continuing oversight to follow.

c. Hearings.—A hearing was held on December 10, 1975; the transcript is being printed.

6. Investigation into Procedures Followed in the Evacuation of Americans and Others from Vietnam.

a. Summary.—The subcommittee undertook an investigation of the procedures followed in the evacuation of Vietnam, which was initiated primarily by concern that American officials unduly delayed the final evacuation, possibly resulting in a loss of dollars, equipment, and other property that may have been saved, and producing a disorganized if not chaotic removal of many Vietnamese. It seems likely that this could have been avoided had more timely action been taken. Because of the sensitive condition involved at the time of the hearings, the subcommittee conducted them in closed session. This investigation is still in process. The State Department has delayed in supplying necessary witnesses requested by the subcommittee.

b. Benefits.—Undetermined.

c. Hearings.—Hearings were held on April 15 and April 24, 1975; inasmuch as they were held in executive (closed) session, they will not be printed.

B. SUBJECTS UNDER REVIEW

(Benefits undetermined at this time.)

1. Inquiry into the Department of Defense's response to a GAO report, "Need for More Effective Management of Transportation Data Systems."
2. Investigation of a troop training contract with Saudi Arabia.

3. Inquiry to the Secretary of State concerning newspaper allegations of insensitive conduct and attitudes on the part of American representatives abroad.
4. Inquiry into criteria used by the Department of Defense to determine which bases or depots are to be closed or cut back (Member request).
5. Inquiry into the Department of Defense failure to follow GAO recommendations regarding possible savings in the Marine Corps logistics system.
6. Inquiry into the Department of the Army's determination of responsibility for the failure to eliminate material involving surveillance of civilians from Army files.
7. Inquiry submitted to the Secretary of Defense concerning a dispute between a defense contractor and a union in California (Member request).
8. Inquiry into the response of the GAO to a request for assistance by a Member in ascertaining the effects of the closing of Hamilton Air Force Base (Member request).
9. Inquiry into the procedures used by the Air Force in the involuntary separation of Air Force officers (Member request).
10. An explanation was requested and received from the Department of the Army on a report that an "incentive sign" was used by an Army unit in the Canal Zone that was offensive to local residents.
11. Inquiry into the contracting-out policies at the Army Support Activity, Lakehurst, New Jersey.
12. Inquiry into the safety record of the C-5A plane (Member request).
13. Inquiry made of the Department of State—AID reason and necessity for making a loan to Syria to expand the water supply system of the city of Damascus.
14. Analysis made of the report and recommendations of the Commission on the Organization of the Government for the Conduct of Foreign Policy.
15. Inquiry made into the policies, practices, and costs involved in the procurement of major weapon systems by the Department of Defense and the pattern of escalation and cost overruns in those systems.
16. Inquiry made of the Department of Defense concerning the proposed transfer of helicopter repair from the Naval Repair Facility at Pensacola, Florida to the Army Depot at Corpus Christi, Texas (Member request).
17. Inquiry made into the policies and procedures of the State Department and U.S. Consulates abroad in the handling of foreign exchange (Member request).
18. Review made of the Department of Defense response to GAO recommendations regarding the operation of the three military service Academies.
19. Inquiry made into the inventory of the Department of Defense of fixed-wing aircraft for passenger service.
20. Inquiry made on the response of the Department of the Navy to a decision of the General Accounting Office on a contract award protest by the Acurex Corporation.

II. Legislation

A. NEW MEASURES

1. H.R. 4834, To revise certain provisions of title 5, United States Code, relating to per diem and mileage expenses of Government employees, and for other purposes.

a. Report number and date.—House Report No. 94-104, March 20, 1975.

b. Summary of measure.—H.R. 4834, the "Travel Expense Amendments Act of 1975," raises the maximum per diem rate for Federal employees from \$25 to \$35 per day; raises the maximum actual expense reimbursement from \$40 to \$50 in unusual circumstances and in designated high-cost areas; raises the maximum mileage allowance for privately owned automobiles from 12 cents to 20 cents per mile, with corresponding increases for motorcycles and airplanes; for travel outside the continental United States it increases the maximum reimbursement for actual expenses from \$18 to \$21 per day plus the prescribed locality per diem rate; makes other technical and clarifying changes in the law; gives the Administrator of General Services the authority, now conferred upon each Federal agency head, to provide Government-wide uniformity in the setting of rates of per diem and mileage allowances up to the maximum established by law and to prescribe the conditions of travel and reimbursement for all Federal employees; and increases the per diem allowance for Senate employees from \$35 to \$50 per day.

c. Legislative status.—H.R. 4834 was reported by the committee on March 20, 1975 and passed the House on April 21, 1975. Immediately thereafter the proceedings were vacated and S. 172, a similar bill, was passed in lieu with an amendment substituting the language of H.R. 4834. Subsequently, the Senate passed S. 172, as amended, with an additional amendment providing changes in the travel allowance of Senate employees. The House agreed to the Senate amendment on May 3, 1975, and the bill was signed into Public Law 94-22 on May 19, 1975.

d. Hearings.—A hearing was held on H.R. 3575, a similar measure, on March 4, 1975; the transcript is printed. No further hearings were held prior to reporting H.R. 4834.

2. H.R. 6692, To authorize appropriations for the period July 1, 1976, through September 30, 1976.

a. Report number and date.—House Report No. 94-282, June 11, 1975.

b. Summary of measure.—H.R. 6692 provides a general authorization for appropriations for programs and activities of the Federal Government from July 1 through September 30, 1976, the transition period occasioned by the change in the fiscal year from July 1 through June 30 to October 1 through September 30. The bill affects only those programs and activities for which funding was authorized on June 30, 1976, and will not affect any other law which may have been passed authorizing appropriations for the transition period.

c. Legislative status.—H.R. 6692 was reported by the committee on June 11, 1975 and passed the House under suspension of the rules on

June 16, 1975. It passed the Senate without amendment on December 1, 1975, and was signed into Public Law 94-144 on December 9, 1975.

d. Hearings.—A hearing was held on May 13, 1975; the transcript is printed.

3. H.R. 1244, To establish procedures and regulations for certain protective services provided by the United States Secret Service.

a. Report number and date.—House Report No. 94-105, Pt. 2, April 22, 1975.

b. Summary of measure.—H.R. 1244, the "Presidential Protection Assistance Act of 1975," centralizes responsibility for the expenditure of funds for the protection of the President and others whose protection is directed by law in one agency—the United States Secret Service; enables the Secret Service to obtain assistance from other departments and agencies but with reimbursement to the assisting agencies; limits full-time security to only one property each which may be designated by the President and other protectees; and places a limitation of \$10,000 on expenditures on any other property not in Government ownership or control unless a resolution of approval is adopted by the Appropriations Committees of Congress.

c. Legislative status.—H.R. 1244 was referred jointly to the Judiciary Committee and the Government Operations Committee. It was reported by the Judiciary Committee on March 20 (Report 94-105, Part 1) and was reported by the Government Operations Committee on April 22, 1975 (Report 94-105, Part 2). It passed the House under suspension of the rules on May 5, 1975, and is pending for action in the Senate.

d. Hearings.—A hearing was held on April 10, 1975; the transcript is printed.

4. H.R. 7575, To establish an Agency for Consumer Protection in order to secure within the Federal Government effective protection and representation of the interests of consumers, and for other purposes.

a. Report number and date.—House Report No. 94-425, together with Additional and Minority Views, July 30, 1975.

b. Summary of measure.—H.R. 7575, the "Consumer Protection Act of 1975," creates an Agency for Consumer Protection to represent the interests of consumers; requires the assistance and cooperation of other Federal agencies; details and limits the authority of the Administrator in representing consumer interests in other Federal agencies and the courts; authorizes the Agency to receive and handle consumer complaints; directs the Agency to gather and disseminate consumer information; places strict limitations on the disclosure of trade secrets or other confidential information; requires all Federal agencies to take into consideration the interests of consumers; defines those interests; and transfers to the Agency the Consumer Product Information Coordinating Center now in the GSA.

c. Legislative status.—H.R. 7575 was reported by the committee on July 30, 1975 and passed the House on November 6, 1975. Immediately thereafter, the proceedings were vacated and S. 200, a similar bill, was amended to incorporate the language of H.R. 7575 and passed in lieu thereof. S. 200, as amended, is pending for action in the Senate.

d. Hearings.—Hearings were held on June 17, 18, 19 and 20, 1975; the transcript is printed.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

1. Travel Expense Act of 1949, 5 U.S.C. 5701 et seq.

This Act was intensively reviewed during preparation for the amended version that was adopted as Public Law 94-22, approved on May 19, 1975. For further detail, see II (Legislation).A.1.

2. Budget and Accounting Act of 1921 (42 Stat 20) and Budget and Accounting Procedures Act of 1950 (64 Stat 832).

These measures were intensively reviewed during the consideration of legislation to authorize appropriations for the period July 1, 1976 through September 30, 1976, which became Public Law 94-144, approved on December 9, 1975. See II (Legislation).A.2.

3. Section 203(e) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 484).

This section of the Property Act was intensively reviewed during the subcommittee's investigation of the acquisition by the General Services Administration of property at Laguna Niguel, California. See I (Investigations).B.2.

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

During the first session of the 94th Congress, a total of 75 General Accounting Office reports to the Congress were referred to the subcommittee. They have been reviewed by the subcommittee staff.

1. Subcommittee action was taken on the GAO report, "Acquisition of a Building in Laguna Niguel, California in Exchange for Government-Owned Properties," B-165511, March 3, 1975.

a. Summary of subcommittee action.—See I (Investigations).B.2. above.

b. Benefits.—See I (Investigations).B.2. above.

B. OTHER REPORTS OR STATEMENTS

None.

IV. Committee Prints

None.

V. Prior Activities of Current or Continuing Interest

1. Excess Property Program of Agency for International Development—Elimination of Deficit in Revolving Fund.

a. Summary.—AID is authorized to spend from a \$5 million revolving fund to acquire, repair, and restore property in advance of known requirements (sec. 608 of the 1961 Foreign Assistance Act, as amended; 22 U.S.C. 2358). Thus, AID is able to accumulate an inventory of property available for later issue to foreign aid recipients in connection with the programs and projects in furtherance of our foreign assistance. The fund is replenished from service charges paid by recipients of the property.

The excess property program has been under regular review by the committee since 1965. In the 92d Congress, the Foreign Operations

and Government Information Subcommittee was assigned jurisdiction of the program.

In early 1971, the revolving fund had declined well below the \$5 million level as a result of deficit operations for 2 years. A management review of the entire program within AID reached the conclusion that the program was no longer viable and should be liquidated. AID appeared on the verge of acting on a recommendation to that effect.

The congressional mandate that excess property be used wherever practicable in lieu of new procurement suggested that the fullest justification must exist before an administrative termination of this program activity. Therefore, staff members of the subcommittee and the full committee, including the minority staff, met with AID officials in May 1971 to discuss the bleak financial picture of the excess property revolving fund and whether AID should cut off the program. Because the committee staff members had extensive experience in the operation of this program, they expressed the view that some additional effort to retain and improve the program seemed warranted; and a number of suggestions were made.

In August 1971, AID decided to continue the program on a modified basis, at least for the remainder of the fiscal year 1972, and to take certain steps to bring operating expenses and earnings into line. These included closing down acquisition and rehabilitation activity in Europe, consolidating the logistics center office in the central office, reducing staff, and, very importantly, establishing a flexible pricing policy with respect to service charges for rehabilitation.

As thus reconstituted, the section 608 program performed effectively in fiscal years 1972, 1973, 1974, and 1975. From an unbalanced figure of \$4,374,000 at the end of fiscal year 1971 (representing a \$626,000 deficit in the \$5 million revolving fund), the fund as of December 31, 1975, had risen to \$8,008,705 (a surplus of \$3,008,705). The total original acquisition cost of excess property issued under the program rose from \$7.2 million in fiscal year 1971 to an annual average of \$15.2 million in fiscal years 1972, 1973, 1974, and 1975.

Examples of acquisition and use of excess property are: Packaged disaster hospitals—acquired 114 units from HEW having an original acquisition cost of \$3.4 million and made them available for use in AID-financed project and program humanitarian assistance at a delivered cost of \$.8 million. Medical and dental supplies and equipment—acquired items from HEW having an original acquisition cost of \$6.9 million and made them available to eligible recipients (including \$.9 million for AID's foreign disaster relief program) at a cost of only 6 percent of the original acquisition cost. Zaire—reconditioned construction and road building equipment and machine tools having an original acquisition cost of \$1.1 million for less than half the current market cost. Nicaragua—furnished 70 knockdown flatcars, gondolas, and boxcars of foreign configuration having an original acquisition cost of \$412,000 at a delivered cost of \$95,000.

b. Benefits.—Since AID's policy has been to encourage dollar saving rather than dollar stretching in funding programs where excess property is used, the continuation of excess property issues results in a saving of loan and other program funds through avoidance of new procurement. AID estimates that in many instances the cost of equivalent new property would have been twice the cost to the recipient of the excess property issued.

2. Return of Unneeded Overseas Property for Further Use by Federal Agencies and for Donation in the United States.

A recommendation by the committee in House Report 865, 90th Congress, resulted in an operation that soon was returning considerable property from Germany and the Far East to the United States for further Federal use, or for donation to educational, public health, or civil defense activities. Before this, the property was sold as surplus overseas. In August 1970, the General Services Administration, in cooperation with the Department of Defense and the Department of Health, Education, and Welfare, initiated a special operation known then as Project Home Run and now called the Overseas Property Program. The first important result was the arrival in August 1970 of an entire shipload of property (9,000 measurement tons) returned to the west coast from Japan and Okinawa.

Since the initial shipment in August 1970, much additional overseas property has been returned for further Federal utilization or donation. Under Public Law 91-426, September 26, 1970, 40 U.S.C. sec. 512 (a measure considered and approved by the committee), the return of unneeded overseas property was elevated to a full-scale Federal program under regulations established by GSA. GSA and DHEW have stationed onsite representatives in the Pacific area and in Europe to select property for their respective utilization and donation programs. Return transportation costs are borne by the user, be it Federal agency or donee.

As of December 1975, GSA has returned a total of five full shiploads of property, and has made and continues to make separate shipments by container van or miscellaneous cargo shipments. Of the amount returned, \$38 million worth of property, at original acquisition cost, has been transferred directly to other Federal agencies and \$77 million has been made available for donation to education, public health, and civil defense activities. At least \$4 million of the inventory on hand in Government warehouses not yet distributed can be expected to be transferred for further Federal utilization. This totals approximately \$42 million in property which has been or will soon be transferred to Federal agencies since the inception of the Overseas Property Program.

It is anticipated that the original acquisition cost of the property returned under this program will total over \$150 million in 1976. Of course, current prices of comparable new property would generally be much higher.

3. Executive Branch Response to Recommendations of the Commission on Government Procurement.

a. Summary.—The subcommittee has been monitoring, in cooperation with the Office of Management and Budget and the General Accounting Office, the progress of results achieved under all ten recommendation categories of the Commission on Government Procurement.

b. Previously unreported benefits.—Undetermined at this time.

4. Delinquent Foreign Debts and Claims Owed to the United States.

a. Summary.—This is a matter of continuing interest, having been transferred to this subcommittee from the former Foreign Operations and Government Information Subcommittee. A hearing on this sub-

ject is being planned for early in the second session of the 94th Congress.

b. Previously unreported benefits.—Undetermined at this time.

VI. Projected Program for the Remainder of the 94th Congress

(1) Investigations and legislation summarized above will be continued until completion.

(2) Special attention will be given to the following:

(a) The effect on competition in Government contracting of the Defense Department's policy of providing Government-furnished equipment to defense contractors.

(b) A review of the status of delinquent debts owed to the United States by other countries.

(c) The development of a single statute for all Government procurement activities, with particular attention to the procurement sections of the Federal Property and Administrative Services Act and the Armed Services Procurement Act.

(d) The development of legislation required to further the transition from the current fiscal year to the new fiscal year decreed by the Congress.

(e) The development of legislation providing further access by the General Accounting Office to the records of Government contractors and providing the Comptroller General with subpoena powers and the authority to seek injunctions against illegal expenditures.

(f) A review of the State Department's response to the report of the Commission on the Organization of the Government for the Conduct of Foreign Policy.

(g) A review of the organizational structure of the Department of Defense.

(h) A review of the major weapon systems acquisition in the Defense Department.

(i) A review of the utilization by the Defense Department of privately-owned research organizations.

(j) An inquiry into the policies of the Defense Department relating to contractor overhead expenses.

(k) A review of procedures and practices in foreign military sales, with particular emphasis on certain case studies.

(l) An inquiry into the safeguarding of military weapons stocks and supplies.

(m) An inquiry into the Defense Department's refusal to follow certain recommendations of the General Accounting Office relating to transportation data systems.

(n) A review of the policy of the Defense Department in providing funds to defense contractors for research and development.

(o) A review of the operations of the three military service training academies.

(p) An inquiry into the irregularities of the award of a contract for receivers by the Department of the Army.

(q) An inquiry into the operational effectiveness of the C-5A plane, including cost overruns and plane modifications.

B. INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE

Hon. L. H. FOUNTAIN, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

None.

B. OTHER INVESTIGATIONS

1. Prevention and Detection of Fraud and Abuse in HEW Programs.

a. Summary.—This investigation is examining the resources and procedures utilized by the Department of Health, Education, and Welfare (HEW) to prevent and detect fraud and abuse in its programs.

The Department of Health, Education, and Welfare currently is responsible for about 300 separate programs involving expenditures in excess of \$118 billion annually—more than a third of the entire Federal budget. Although HEW has over 129,000 full-time, permanent employees, many of its programs are directly administered by non-Federal entities such as States, localities, educational institutions, fiscal agents, intermediaries, carriers and grantees.

Disclosures in the subcommittee investigation to date include the following:

(1) Because of the magnitude and complexity of its activities, aggravated in many instances by lack of direct control over expenditures, HEW's operations present an unparalleled danger of enormous loss through fraud and program abuse.

(2) HEW has no central sources of information concerning fraud and program abuse, and basic data needed by both Congress and the Department for effective action to combat such activities is simply not available.

(3) Fraud and abuse in HEW programs are undoubtedly responsible for multi-million dollar annual losses. HEW officials were unable to provide information on which a reliable estimate of the specific amount of such losses could be based.

(4) HEW has no central unit with the overall authority, responsibility and resources necessary to insure effective action against fraud and program abuse. The fraud and abuse units it does have are scattered throughout the Department in a haphazard, fragmented and inefficient fashion. Some major programs have no units; other units exist mostly on paper.

(5) Personnel of most fraud and abuse units lack independence because they report to officials who are directly responsible for the programs the unit is investigating. Under such circumstances, employees may be reluctant to make honest and thorough reports that could embarrass their superiors.

(6) Most fraud and abuse units report to program officials, usually at a relatively low level. There is little incentive for such officials to report deficiencies in their own program to the Secretary or to initiate prompt and vigorous corrective action which may involve public laundering of their own dirty linen. As a result, there is little assurance that the Secretary will be kept informed of serious fraud and abuse problems, or that action necessary to correct such problems will be taken.

(7) HEW's investigative resources are ridiculously inadequate. Although HEW has more than 129,000 full-time employees, it has only 10 investigators in its central unit—and the unit has a ten-year backlog of uninvestigated cases.

(8) There are serious deficiencies in HEW's procedures. There has been no Departmentwide policy for referral of possible fraud cases for investigation, nor is there any such policy for referral of investigative results for prosecution. There have been instances in which it has taken HEW as much as five years or more to take corrective action after deficiencies in program regulations became apparent.

Five days of hearings were held as part of this investigation, on April 22 and 30, May 15 and 22, and June 24, 1975. The hearings have been printed.

b. Benefits.—The subcommittee investigation disclosed and documented the urgent need for strengthening HEW procedures and resources for prevention and detection of fraud and program abuse. The nature of the subcommittee's findings and preliminary recommendations for corrective action were called to HEW's attention in an August 6, 1975, letter from the subcommittee Chairman. A comprehensive report on the investigation is expected to be ready for full committee action early in 1976.

It is expected that the subcommittee will give further attention to deficiencies in the procedures and resources used by HEW to prevent and detect fraud and program abuse during 1976 in connection with its consideration of legislation to establish an Office of Inspector General for the Department of Health, Education, and Welfare.

2. Safety and Effectiveness of New Drugs.

a. Summary.—The subcommittee continued to monitor the various activities of the Food and Drug Administration for assuring the safety and effectiveness of drugs intended for human use.

During 1975, the subcommittee reviewed selected FDA regulatory activities relating to the use of advisory committees in the evaluation of nonprescription drugs as well as new drug applications for prescription drugs, the advertising and promotion of prescription drugs, and the implementation of the statutory requirements with respect to the safety and effectiveness of new drugs.

b. Benefits.—Numerous actions have been taken by FDA to correct regulatory deficiencies brought to its attention by the subcommittee. It is anticipated that further improvement in policies and procedures will result from the subcommittee's continued surveillance of FDA operations. This should contribute to greater health protection for the public and greater economy and efficiency within the agency.

3. Use of Advisory Committees by the Food and Drug Administration.

a. Summary.—The subcommittee initiated an investigation of FDA's use of advisory committees during the 93rd Congress with the objec-

tive of determining whether or not the agency was complying with the requirements of the Federal Advisory Committee Act. Since the majority of these committees were intimately involved in the regulation of drugs, the subcommittee also examined the manner in which they were being utilized and FDA's compliance with the Federal Food, Drug, and Cosmetic Act in instances where advisory committees participated in the regulatory process.

Hearings held by the subcommittee in 1974 were concerned with the use of advisory committees in the regulation of prescription drugs. In 1975, the investigation was broadened to include advisory committees concerned primarily with the regulation of nonprescription drugs. Hearings were held in this connection on April 23, May 9, May 12 and October 31, 1975. The hearing records have been printed.

b. Benefits.—Some improvement in the management of FDA advisory committees has been achieved in response to the subcommittee's investigation. A report on the use of advisory committees by the Food and Drug Administration approved by the subcommittee on December 4, 1975, is scheduled for full committee consideration. It is anticipated that the report, when issued by the committee, will result in the more effective and efficient use of advisory committees, the elimination of unnecessary expenditures, and improved compliance with both the Federal Advisory Committee Act and the Federal Food, Drug, and Cosmetic Act.

4. Intergovernmental Fiscal Relations.

a. Summary.—In a series of hearings structured to obtain basic and comprehensive information on the fiscal and institutional relationships among the levels of government in the American federal system, the subcommittee took testimony from leading scholars and government experts on the various subjects included in the hearing agenda. These hearings were intended to provide perspective for the subcommittee's subsequent consideration of legislation to extend the Federal general revenue sharing program. Hearings were held on July 9, 10, 11, 15, 22, 23 and 24, 1975. The hearing record is being printed.

b. Benefits.—It is expected that these hearings, in addition to assisting the committee in its work on general revenue sharing, will be of value to the Congress when it considers future legislation for assisting State and local governments.

5. Administration of the Medicare and Medicaid Programs.

a. Summary.—The subcommittee continued to examine selected aspects of the administration of the Medicare and Medicaid programs by the Department of Health, Education, and Welfare.

During previous Congresses, particular attention was given to Medicare data processing operations. The subcommittee investigation disclosed serious deficiencies in the awarding of data processing subcontracts, and led to changes designed to obtain greater competition in the awarding of such subcontracts.

In 1975, the subcommittee investigation disclosed other administrative deficiencies in the Medicare and Medicaid programs. For example, although Federal expenditures for Medicaid totaled nearly \$7 billion in fiscal 1975, the subcommittee found that only one HEW employee was working full time to combat fraud and abuse in the program. Twenty-one States were reported by HEW to be inactive in fraud

and abuse detection and investigation. The subcommittee found little or no coordination between personnel responsible for the Medicare and Medicaid programs in the investigation of fraud and program abuse, even though the same individual may often be involved in fraud or abuse affecting both programs.

Administration of the Medicare and Medicaid programs was reviewed in hearings on May 15 and 22, 1975.

b. Benefits.—Although more remains to be done, substantial savings are being realized through reduced data processing costs. Data processing cost reductions totaling more than a million dollars annually have been projected at two large carriers as a result of termination of existing subcontracts. A claim for at least several hundred thousand dollars is expected to be filed under provisions of another subcontract allowing recovery of administrative costs in excess of specified levels.

HEW officials have assured the subcommittee that they will provide more vigorous Federal leadership and surveillance in the control of Medicaid fraud and abuse, and that a substantial Federal effort will be initiated to improve State program management.

6. Administration of Guaranteed Student Loan Program.

a. Summary.—The subcommittee examined selected aspects of the administration of the Guaranteed Student Loan Program (GSLP) by the Department of Health, Education, and Welfare.

The subcommittee inquiry, which is continuing, disclosed serious problems in the GSLP, many of which are at least in part due to or aggravated by administrative deficiencies. Under current forecasts, loan defaults under the Federally-insured program are expected to total more than a billion dollars, almost a quarter of the amount loaned. The subcommittee found one instance in which a lender had more than \$1 million in insured loans, 100% of which were either in default or delinquent. Despite the high default rate, there apparently has never been a law suit against a delinquent borrower. In some instances, borrowers have been reluctant to repay their loans because they feel the training they received was worthless or had been misrepresented.

In one regional office, investigations are currently being conducted into possible misconduct by employees involving alleged fraud, misappropriation of loan monies, kickbacks, gratuities, and conflicts of interest. During subcommittee hearings in June 1975, it was reported that more than 50% of the workload of the HEW Office of Investigations consisted of student loan matters.

Testimony at subcommittee hearings indicated that the computer system which had been used by the Office of Education (OE) for the student loan program had not worked and that the General Accounting Office had refused to certify the accuracy of financial statements for the program. Moreover, the testimony further indicated that the guaranteed student loan program—as well as other OE programs—had been operated for lengthy periods of time without adequate regulations.

Administration of the Guaranteed Student Loan Program was reviewed at a hearing on June 24, 1975.

b. Benefits.—It is expected that the subcommittee investigation will result in significant improvement in the administration of the Guaranteed Student Loan Program.

7. Administration of the AFDC Program.

a. Summary.—The subcommittee initiated an investigation of the Aid to Families with Dependent Children (AFDC) program for the purpose of determining how it can be operated more efficiently, economically, and equitably. AFDC is the Nation's largest welfare program with payments totaling approximately \$8 billion annually for the assistance of about 11 million persons. The subcommittee is examining the respective roles of the Federal Government and the States and their political subdivisions in the management of this complex intergovernmental program.

b. Benefits.—It is expected that substantial money savings, as well as administrative improvements, will result from this investigation.

II. Legislation

A. NEW MEASURES

1. H.R. 6558 and related bills to extend and revise the State and Local Fiscal Assistance Act of 1972 (P.L. 92-512), commonly known as the "general revenue sharing" act.

a. Report number and date.—This legislation is still under subcommittee consideration.

b. Summary of measure.—H.R. 6558, proposed by the President, would extend the existing program, with no major changes, for an additional $5\frac{3}{4}$ years (through September 30, 1982) at a cost of \$39.85 billion. The subcommittee has before it 40 other bills, some of which would substantially change the present revenue sharing program.

c. Legislative status.—Hearings have been completed and the bills and testimony are being analyzed preparatory to subcommittee action on this legislation.

d. Hearings.—Hearings were held on the following 16 days: September 25, 30; October 1, 2, 7, 8, 21, 22, 23, 29, 30; November 4, 5, 6, 12; and December 2, 1975. The hearing record will be printed.

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

A total of 43 General Accounting Office reports to the Congress were referred to the subcommittee. They were studied by the subcommittee staff and considered in connection with the subcommittee's investigative program.

B. OTHER REPORTS OR STATEMENTS

None.

IV. Committee Prints

None.

V. Prior Activities of Current or Continuing Interest

1. FDA Regulation of Diethylstilbestrol (DES) as a Feed Additive.

a. Summary.—On December 10, 1973, the committee issued a report entitled "Regulation of Diethylstilbestrol (DES) and Other Drugs Used in Food Producing Animals" (House Report No. 93-708) based on the subcommittee's comprehensive investigation of this subject. This report dealt with the extensive use of DES, a known cancer-causing drug, as a feed additive to stimulate animal growth. The committee made a number of recommendations aimed at timely enforcement of existing laws intended to protect the public from exposure to cancer.

Following the subcommittee's hearing, FDA acted to ban the use of DES as a feed additive and as an animal implant, but these actions were later overturned by a Federal court because FDA had not followed proper procedures.

The subcommittee has continued to monitor the results of the U.S. Department of Agriculture's sampling program for DES residues in cattle and sheep, a program which uses an unapproved testing method contrary to the statutory requirements.

In January 1975, the subcommittee chairman advised FDA of the increasing incidence of DES residues being found in animal livers by the USDA, and urged revocation of the new animal drug application for DES on the grounds that an approved, practicable testing method was not available.

FDA announced in December 1975 that it was withdrawing approval of the DES application, giving as a reason the non-availability of a practicable testing method and offering holders of approved applications an opportunity to request a hearing on the regulatory decision.

b. Previously unreported benefits.—When finally implemented, FDA's ban on the use of DES in cattle and sheep production will eliminate a potent cancer-causing drug from our food supply and thereby contribute to the Government's "war against cancer."

2. CCC Grain Storage Activities.

a. Summary.—The subcommittee examined grain storage activities of the Department of Agriculture, giving particular attention to rates being paid for storage of Government grain in commercial facilities.

b. Previously unreported benefits.—The subcommittee's investigation was a contributing factor in action taken by the Department of Agriculture to reduce storage rates approximately 19 percent. Estimated savings because of this reduction during fiscal year 1975 were \$2,858,000.

Total savings because of the reduction during fiscal years 1961-1975 are estimated at \$567,217,588.

3. Government-Financed Exports of Agricultural Commodities.

a. Summary.—In past years, the subcommittee devoted considerable attention to programs involving Government-financed exports of agricultural commodities. Although no formal reports on this subject were issued, several hearings were held and a number of informal recommendations have been made to the Department of Agriculture.

b. Previously unreported benefits.—In accordance with action urged by the subcommittee, price review procedures for commodities sold under Public Law 480 programs were changed to provide for review of prices prior to approval of sales, rather than months later after the commodities had already been delivered and USDA funds paid out to finance them. As a result of the changed procedures, according to reports from the Department of Agriculture, estimated savings during fiscal year 1975 were \$719,979. Total savings prior to fiscal year 1975 are estimated at more than \$4,427,000.

VI. Projected Program for the Remainder of the 94th Congress

During the second session of the 94th Congress, it is expected that the subcommittee will complete its consideration of legislation to extend the State and Local Fiscal Assistance Act of 1972 (general revenue sharing) and of proposed legislation to establish an Office of Inspector General for the Department of Health, Education, and Welfare. In addition, the subcommittee will continue to review selected programs and activities of the departments and agencies under its jurisdiction, with particular attention being given to the following:

- (1) Prevention and detection of fraud and abuse in HEW programs.
- (2) Administration of student financial assistance programs.
- (3) Administration of the medicare and medicaid programs.
- (4) Effectiveness of Federal research and prevention programs in the health field.
- (5) Administration of the Aid to Families with Dependent Children program (AFDC).

C. CONSERVATION, ENERGY, AND NATURAL RESOURCES SUBCOMMITTEE

HON. WILLIAM S. MOORHEAD, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

1. "Federal Preparedness To Deal With the Natural Gas Shortage Emergency This Coming Winter." House Report No. 94-412, July 25, 1975. Third Report by the Committee on Government Operations, Together With Additional Views.

a. Summary.—This report represents the assessment of the Committee on Government Operations of the state of Federal preparedness to deal with the predicted natural gas shortage emergency of the winter of 1975-76. The report reviews the administrative history of the Federal Government as it has sought to cope with this problem and makes special note of those opportunities that exist to overcome potentially serious problems of natural gas supply and distribution.

The committee's report made the following findings and recommendations:

Federal agencies are not prepared at this time with advance plans to cope with adverse effects on employment and industrial production even in areas they know now will be hard hit. There is too much of a "wait-and-see" attitude.

Natural gas is increasingly in demand and has become increasingly scarce.

Natural gas curtailments over the winter of 1975-76 will create emergency situations affecting many industries, especially in the Midwest and East.

Natural gas emergency preparedness responsibilities are dispersed throughout the executive branch and are often duplicative.

Coordination of emergency preparedness among the executive branch agencies is haphazard and often ad hoc.

Recommendations:

1. All cognizant Federal departments and agencies should move immediately on a top-priority basis to take whatever steps are necessary within the scope of their legal authority to prevent or alleviate the impact of this coming winter's natural gas shortage on those States and areas expected to suffer most. If necessary, the President should take preventive action under the criteria of the Defense Production Act and other legal authorities to declare certain regions as potential economic disaster areas before the fact and marshal the Federal Government's resources accordingly.

2. Emergency preparedness authorities should be clarified as they relate to future natural gas emergencies.

3. Departments and agencies with major responsibilities relating to natural gas should prepare memorandums of understanding or other documents delineating their respective duties which bear on natural gas emergencies.

4. Collection of data on natural gas supply and demand, availability of alternative fuels, and capability to use alternative fuels, together with assessment of impact of natural gas curtailments, should be accomplished on a continuing coordinated systematic and timely basis.

5. Because the natural gas emergency of 1975-76 will be a recurring problem, and because no effective emergency planning or coordinating mechanisms exist, and because neither the FPC nor the FEA or any other Federal agency has authority to take full necessary action in the face of a natural gas emergency, the President should propose and the Congress should give immediate consideration to legislation which would—

(a) Establish clear responsibility for preparing contingency plans for natural gas shortages and other natural gas emergencies;

(b) Establish clear responsibility for the coordination and focus of national efforts to deal with immediate and long-term shortages of natural gas; and

(c) Establish authorities to control the production, shipment, and distribution of natural gas on a coordinated national basis as necessary to deal with natural gas shortages.

6. The Federal Power Commission and the Federal Energy Administration should take appropriate action consistent with their emergency preparedness responsibilities, including litigation in Federal courts, if necessary, to compel natural gas producers to comply with the Natural Gas Act and regulations to deliver natural gas to consumers.

b. Benefits.—This investigation has resulted in initiation of new, and redirection of a number of older, Federal agency procedures concerned with natural gas supply and distribution. (1) The Energy Resources Council moved to effect greater Federal interagency effort to provide more detailed analysis of probable effects of a gas shortage. (2) An intensive public education program was initiated. (3) The Federal Energy Administration (FEA) established a Natural Gas Office intended to coordinate all Federal activities. (4) The Federal Power Commission (FPC) took responsibility to closely monitor gas storage and expedite pipeline construction. (5) Jointly, FEA and FPC are reviewing electric utility practices.

In addition, the Department of the Interior proposed new regulations to provide for the allocation of natural gas for defense purposes, consistent with the provisions of the Defense Production Act of 1950, as recommended by the committee.

Other benefits which may result from the investigation are: Future shortage conditions will receive much greater advance preparation when the FEA, the FPC, the Department of the Interior, and other cognizant Federal departments and agencies clarify emergency preparedness authorities relating to natural gas emergencies as recommended by the committee.

c. Hearings.—The transcript of the June 12 and 26, 1975, hearings, entitled "Federal Preparedness To Deal With the U.S. Natural Gas

Shortage Emergency," and the transcript of the November 5 and 6, 1975, hearings, entitled "Progress Reports on Coping With a Possible Natural Gas Shortage This Winter," have been printed.

B. OTHER INVESTIGATIONS

1. Improving Bureau of Reclamation Procedures for Computing Inflation on Authorized Cost Ceilings and Estimated Costs of Water Resources Projects.

a. Summary.—The subcommittee, assisted by the General Accounting Office, is examining the Bureau of Reclamation's procedures for auditing and reporting costs and ceilings for water resource projects. Congress usually establishes in the authorizing legislation for Bureau projects the maximum funds which may be used without additional justification to or authorization by Congress. Such legislation usually contains a provision allowing for normal fluctuations in construction costs including increases in the costs due to inflation. At the subcommittee's request, the GAO examined methods employed by the Bureau to compute inflation on three water resource projects: the Garrison Diversion Unit in North Dakota, the Colorado River Storage Project, and the Fryingpan-Arkansas Project in Colorado.

The GAO found several major problems with the Bureau's cost indexing procedures, the most serious being a procedure which provided that completed contracts be kept in the cost ceiling and indexed for inflation until the last major contract on a "feature" had been completed. Other problems noted by the GAO report were: (1) a practice of continuing to index costs incurred prior to congressional authorization of a project; (2) an instance where the current estimated cost of a project was computed using outdated figures, resulting in understated costs; (3) a practice of improperly inflating the cost ceiling of a project by acquiring vastly larger tracts of land at much higher prices than originally estimated; (4) an instance where the Bureau continued to index for inflation those costs which were incurred by a private entity; and (5) an instance where the Bureau was planning to add an additional feature to a project without prior congressional approval (\$45 million Leland Bench feature of the Colorado River Storage Project).

In recomputing the authorized cost ceiling for projects based on recommended procedures contained in the report, GAO found two of the three projects to be in excess of their spending ceiling by a total of \$66 million.

A hearing was held on December 8 to examine the GAO's findings and to question Interior Department officials as to action being taken to improve their procedures. During the course of the hearing, Interior officials agreed to establish an oversight organization to insure consistency in the Bureau's indexing procedures; to narrow the definition of a project "feature" so that certain expended costs could be excluded for purposes of computing inflation; to report the updated authorized cost ceiling of projects as part of each project's budget justification; and to recompute, for the committee's purposes, the authorized cost ceilings and estimated costs of all Bureau projects using recommended GAO procedures.

Interior Department officials also admitted in the course of questioning by the Chairman that the estimated cost of the Bonneville Unit of the Colorado River Storage Project had been understated by \$63.7 million and that the appropriate adjustments were being made. In addition, the officials agreed that the \$2.2 million in inflation computed since 1962 on preauthorization costs for the Garrison Project was erroneously included in the cost ceiling for that project and that necessary corrections had been made. Finally, the Department agreed that inflation had been erroneously computed for the completed Flaming Gorge feature of the Colorado River Storage Project, causing an overstatement of the authorized cost ceiling for that project by \$14.3 million. It was indicated that this would be corrected.

b. Benefits.—The changes agreed to by Interior in the subcommittee's hearing represent a total reduction of \$17.5 million in spending authority for the three projects examined. In addition, Interior agreed to correct the estimated cost of the Bonneville Unit of the Colorado River Storage Project by \$63.7 million so as to report more accurately the expected construction costs of that project.

In the event the Bureau of Reclamation makes the necessary revisions in its cost accounting procedures as recommended by the GAO—as the subcommittee expects they will—a total reduction of \$202 million would result in the authorized cost ceilings for the three projects examined. In addition, the current estimated costs for the projects would be increased by a total of \$91.9 million, resulting in a more accurate presentation to Congress of the true costs necessary to complete construction. If the GAO recommendations are applied to all Bureau projects, it is expected that the results will be a substantial reduction of the cost ceilings, and a more accurate reflection of the estimated costs, for projects presently under construction.

Final Bureau agreement with the GAO recommendations would also require the Bureau to return to Congress for authorization to build the presently planned, but unauthorized, \$45 million Leland Bench feature of the Colorado River Storage Project.

Improvements in Bureau reporting to Congress on inflationary increases in spending authority and estimated project costs will result in closer congressional scrutiny of a multi-billion dollar public works program and improved information for making appropriations and budgetary decisions. It will also allow Congress to more accurately determine whether a particular project is over its authorized cost ceiling and in need of reauthorization. Furthermore, it will discourage the Bureau from adding expensive unauthorized features to projects on the basis of overly inflated project cost ceilings and understated estimates of costs. Finally, more accurate project cost-benefit ratios should also result.

2. Federal Involvement in the Development of Eastern Oil and Gas Shale.

a. Summary.—On May 8, 1975, the subcommittee held hearings on the development of vast gas and oil supplies to be found in the Devonian and Mississippian shale formations. The so-called eastern shales extend from Texas through large areas of the Midwest and East into western New York State. Two major U.S. companies—Dow Chemical U.S.A. and the Columbia Gas System—described their pioneering

work in attempts to develop these shales as a source of fuel in an environmentally sound way. Dow estimated that in Michigan alone the shales contained 25,000 billion barrels of oil in place. Columbia estimated that 285 trillion cubic feet of producible natural gas lies beneath just Ohio, West Virginia, Pennsylvania, Kentucky, and New York. Testimony before the subcommittee showed the need for the development of new, sophisticated technology to tap these resources and more attractive economic incentives to do so.

b. Benefits.—Largely as a result of the subcommittee's hearings and the national interest it stimulated, Congress and the Energy Research and Development Administration were encouraged to assist industry in plans to develop these resources. These efforts have the very real potentiality of billions of dollars in balance of payments savings and added tax revenues for the nation in future years.

3. Federal Energy Administration Compliance and Enforcement Efforts.

a. Summary.—During 1975, with the assistance of the General Accounting Office, the subcommittee investigated the compliance and enforcement efforts of the FEA regarding alleged overcharges and oil-price manipulations by industry. These included the agency's record of administrative action on its own notices of probable violation and remedial orders. In addition, FEA activities involved with monitoring an estimated \$2 billion of industry "banked costs" and potential violations totaling between \$1 and \$2 billion revealed through spot refinery auditing practices were investigated. ("Banked costs" represent increased costs incurred by the company but not passed through to the consumer. Such costs may, however, be passed on to the consumer at a later date.)

b. Benefits.—The subcommittee's investigation resulted in increased emphasis being given by the FEA to strengthened procedures and reallocation of existing manpower involved with the refinery audit efforts of the agency. In addition, procedures developed for processing notices of probable violation and remedial orders were reviewed and subsequently revised to reduce undue delay of decision. It is anticipated that the investigation will further stimulate FEA action to curb violations.

4. Investigation of Environmental and Economic Implications of the Garrison Diversion Unit Irrigation Project in North Dakota.

a. Summary.—The subcommittee has continued its investigation, begun in 1974, of the expenditures for and the environmental and economic effects of the Bureau of Reclamation's Garrison Diversion Unit irrigation project in North Dakota. The project, which is 20 percent complete, would irrigate 250,000 acres through 1,800 miles of canals, four regulating reservoirs, 141 pumping plants, and over 2,800 miles of drains. The project's 1965 authorizing legislation set a spending ceiling of \$207 million, with provisions for normal increases due to inflation. The cost ceiling has been calculated at \$496 million for 1975.

The Canadian government has formally objected to continued construction of the project, charging that increased return flows resulting from its eventual operation would pollute the Souris and Red rivers crossing the U.S.-Canadian boundary to the detriment of health and property in Canada. In the course of its investigation, the subcommit-

tee learned that the Bureau of Reclamation had been withholding significant information from the State Department, the public, and the Congress concerning possible alternatives under consideration within the Bureau to ameliorate Canadian concerns.

Objections have also been raised by the Council on Environmental Quality, the Environmental Protection Agency, the Minnesota Pollution Control Agency, and various environmental organizations, citing such problems as increased flooding, destruction of wildlife habitat and naturally occurring wetlands, and inundation of six Federal wildlife refuges. Landowners in the path of the project have also complained vigorously of ill treatment by the Bureau of Reclamation.

Full-scale investigation of the Garrison Project was prompted by the public concern over the impacts of the project on neighboring States and Canada and the lack of substantive information available to the Congress to evaluate the need to continue funding for the project. It was agreed during the House debate over the 1976 Public Works Appropriations bill that the subcommittee would hold hearings on the Garrison project with the intention of obtaining the facts and reporting formally to the Congress.

The subcommittee conducted two days of hearings on the Garrison Project, one in Bismarek, North Dakota, to obtain local testimony, and a second in Washington to hear from involved Federal agencies.

b. Benefits.—The subcommittee's investigation will provide a factual basis for the Congress to utilize in future decision-making regarding the Garrison Diversion Unit. Congressional oversight will be improved, and Congress will be better able to weigh and evaluate the costs and benefits of the project. It should also help to resolve the water quality dispute with Canada, cause the Bureau of Reclamation to reassess the environmental effects of the project on wildlife, wetlands and refuges, and improve the treatment of displaced farmers and landowners. Information concerning project alternatives previously unknown to the State Department and Congress, important to negotiations between the United States and Canada, was revealed by the subcommittee in the course of its investigation.

c. Hearings.—Hearings were held by the subcommittee on September 15, 1975, in Bismarek, North Dakota, and November 19, 1975, in Washington, D.C. Transcripts are to be printed.

5. Synthetic Gasoline.

a. Summary.—On September 23, 1975, the subcommittee heard testimony from Dr. Murry A. Tamers, a nationally recognized physical chemist from the Life Sciences Center of Nova University at Fort Lauderdale, Fla. Dr. Tamers described his new process to produce synthetic gasoline extenders—namely, benzene—from non-petroleum feedstocks. This process, if found industrially feasible, could have profound economic and international implications in helping America to achieve greater energy independence in an environmentally sound way.

Dr. Tamers and Nova University had sought a relatively modest grant from the Energy Research and Development Administration (ERDA) to finance a bench project to help determine future prospects for the process. Upon investigation by the subcommittee, it was found that the grant application had been handled in a most irregular manner. The proposal was rejected 10 days prior to the final deadline for the receipt of outside peer reviews. There was also reason to suspect

possible conflicts of interest and bias entering into its rejection. ERDA could produce no formal decision paper or detailed economic analysis supporting its decision.

The subcommittee chairman protested the handling of the grant application and urged that it be reconsidered by ERDA on its merits and in a fair and business-like manner more reflective of the type of proper deliberation of a Federal agency. ERDA agreed to do so and invited Dr. Tamers on December 17, 1975, to re-submit his proposal. The subcommittee plans to press for substantial internal reform in handling imaginative and challenging proposals submitted by responsible experts.

b. Benefits.—Dr. Tamers again submitted his proposal to ERDA on January 13, 1976. If such a process, or one similar to it, is feasible and developed, the United States could drastically reduce the importation of foreign crude oil, or, in the event of another boycott, have an alternative major source of gasoline. Although such benefits and the monetary savings are strictly conjectural and prospective in nature, the subcommittee doubts anyone would ever question they could occur on a scale of vast magnitude.

6. Deauthorization of the Nebraska Mid-State Irrigation Project.

a. Summary.—The subcommittee conducted an investigation into the need to discontinue preconstruction planning and to deauthorize the Nebraska Mid-State Division of the Pick-Sloan Missouri Basin Project. During the eight years since the irrigation project had been authorized by Congress, the Bureau of Reclamation has failed to meet the 140,000-acre sign-up requirement because most of the farmers in the irrigation area already have privately-owned irrigation equipment. In addition, the project would destroy the Platte River wildlife refuge which is a prime refuge for whooping crane and other migratory waterfowl. The area is under consideration by the Fish and Wildlife Service for inclusion in the National Wildlife Refuge System. In its investigation, the subcommittee discovered that the Deputy Assistant Secretary of the Interior for Program Development and Budget had recommended deauthorization of the project in an April 16, 1975, memorandum to the Under Secretary of the Interior. In June the Chairman of the subcommittee asked the Secretary of the Interior for his decision on the recommendations contained in the Deputy Assistant Secretary's memorandum. The Department's reply indicated a Secretarial decision had not been made on deauthorization due to disagreement among high-level officials within Interior over the disposition of Mid-State. The subcommittee then requested GAO to examine the Mid-State project to determine whether the project should be redesigned or deauthorized.

After a November 4, 1975, referendum in Nebraska, in which local voters overwhelmingly rejected the project, Chairman Moorhead again wrote the Secretary on November 13 requesting a report on steps being taken to phase out the project and to notify Congress of the need for deauthorization. In reply, the Department indicated its agreement that deauthorization of the Mid-State Project was in order and indicated that the House and Senate Appropriations Committees had been notified that the \$600,000 in preconstruction planning funds budgeted for fiscal year 1976 would not be necessary.

b. Benefits.—The subcommittee's action has led to termination of preconstruction planning of an irrigation project which would have had negative economic and environmental results. By helping to obtain a timely commitment from the Department of the Interior to phase out and deauthorize the Mid-State project, the subcommittee helped assure the saving of \$600,000 budgeted for preconstruction planning for Mid-State for fiscal year 1976 and an estimated \$178 million was saved in future construction costs. Also, the subcommittee's actions prevented the destruction of the Platte River wildlife refuge which could have resulted from project construction. This ecosystem is of incalculable value to the State of Nebraska and to the nation.

7. Laser Fusion.

a. Summary.—On June 3, 1975, a hearing was held by the subcommittee as part of an investigation into the policies and procedures of the Energy Research and Development Administration (ERDA) concerning laser fusion R&D.

The growing shortage of fossil fuels is spurring the search for alternative sources, and testimony revealed that while laser fusion activities originated in weapons R&D, fusion power holds great promise for improving the national energy situation in the near term with synthetic natural gas. Along with laser isotope separation, fusion power in the long term, if developed successfully, could produce electricity with a fuel that is virtually inexhaustible.

b. Benefits.—Early involvement of the private sector in developing and demonstrating the economic feasibility of laser fusion can expedite the accomplishment of national energy goals. The subcommittee's investigation helped accelerate decisions by the Energy Research and Development Administration to renew and expand existing R&D research contracts aimed at increased industrial participation in the laser fusion program. Differing management philosophies within ERDA in part had hindered the achievement of this objective. The subcommittee's investigation has assisted in moving towards the resolution of this problem.

8. National Park Service Management of Concession Operations.

a. Summary.—The subcommittee continued the investigation into the National Park Service's management of concession operations which was begun during the 93d Congress by the Conservation and Natural Resources Subcommittee and a subcommittee of the Permanent Select Committee on Small Business. Valuable assistance was provided in this investigation by the GAO, which prepared a report entitled "Concession Operations in the National Parks—Improvements Needed in Administration." The GAO report concluded that:

(1) The Park Service should improve their monitoring and evaluation of concession operations.

(2) Park Service policies discourage competition in awarding concession contracts, to the detriment of small businesses.

(3) The Park Service has not kept track of concessioner prices to be certain that they are appropriate.

(4) The Park Service does not have sufficient information to determine whether existing concessioners are performing satisfactorily.

Together with the Subcommittee on Energy and Environment of the Committee on Small Business, the subcommittee held hearings on July 25 and 28 concerning National Park Concessions. Testimony was

received from the GAO, the National Park Service, and concessioners. Transcripts of these hearings have been printed. In addition, staff members representing both subcommittees have held numerous meetings with Park Service officials and representatives for concessions. The subcommittee was preparing a report on concession operations for early consideration in the second session.

b. Benefits.—As a result of the investigation by the subcommittees and the GAO, the Park Service has begun to hire additional staff to manage concession operations both in its Washington office and at the field level with considerable improvement in efficiency expected. In addition, the Park Service is reviewing most of the major features of its concessions management effort in order to determine what improvements are necessary. This should result in better services being provided to National Park visitors by concessioners.

9. Heavy-duty Vehicle Emissions.

a. Summary.—The subcommittee investigated the Environmental Protection Agency's program to control air pollution from heavy-duty vehicles, which includes gasoline and diesel-powered trucks weighing in excess of 6,000 pounds. Under title II of the 1970 Clean Air Amendments, EPA has the authority to establish emission standards for all new vehicles or engines designed for use on streets or highways. These vehicles emit up to ten times more carbon monoxide and hydrocarbon compared to 1976 model automobiles. It is clear that heavy-duty vehicles are becoming an increasingly important source of air pollution compared to smaller motor vehicles, which are being forced to comply with fairly stringent emission standards. In fact, transportation sources account for almost half of all air pollution.

The subcommittee advised EPA that the agency is moving much too slowly in requiring heavy-duty vehicle manufacturers to control air pollution. The EPA agreed to announce a Notice of Proposed Rule Making in the near future in order to set more stringent heavy-duty vehicle emission standards.

b. Benefits.—As pollution control for heavy-duty vehicles is accelerated, it will improve air quality in our large cities and will provide better protection of human health and welfare. Considerable cost savings in many fields, such as public health, should result.

10. Construction Grants—EPA Audits.

a. Summary.—The Environmental Protection Agency undertook audits of a number of municipal waste treatment facility construction grants following reports early in 1975 of irregularities involved in the expenditure of funds made available through these grants. Although an interim report was released by the Agency, the final audit reports were not forthcoming. The Chairman of the subcommittee urged the Agency to (1) expedite the completion of these audits; (2) to complete and publish adequate audit procedures; and (3) to open audit files to congressional inspection upon request.

b. Benefits.—The Agency assured the subcommittee that it would expedite the completion of the audits which are now scheduled for release early in 1976. The Agency assured the subcommittee that it is completing a revision and reform of its audit procedures. The Agency also made available audit files for congressional inspection as requested by the Chairman.

11. Construction Grants Program—Rate of Obligations.

a. Summary.—The Environmental Protection Agency administers title II of the Federal Water Pollution Control Act, pursuant to which \$18 billion of Federal grant assistance is authorized to be obligated for the construction of municipal waste treatment facilities. During the course of a hearing of the subcommittee on April 24, 1975, the Chairman urged the Administrator of the EPA to exert his efforts to accelerate obligations in that program. The Administrator agreed to do that and to aim at a target of \$400 million per month.

b. Benefits.—Following the hearing, the rate of obligation rose from \$280 million per month to over \$400 million per month. Although the EPA has slipped below that target, it is endeavoring to meet and hold the \$400 million obligation target. By increasing the obligation rate for construction grants, communities are better able to proceed with needed, and legally required, waste treatment facility construction, thus improving the quality of our water and aiding the economy through accelerated construction activity.

12. Investigation of Adequacy of U.S. Geological Survey Regulations Concerning Inspection of Oil and Gas Operations of the Outer Continental Shelf.

a. Summary.—The subcommittee, with the assistance of the GAO, is continuing to investigate the need for more frequent inspection of oil drilling activities on the Outer Continental Shelf to reduce incidence of spillage. On January 9, 1976, the Chairman of the subcommittee urged the U. S. Geological Survey—which has responsibility for inspecting oil and gas rigs on the OCS—to comply with certain unfulfilled recommendations contained in two previous General Accounting Office reports to the subcommittee (B-146333, June 29, 1973, and February 26, 1974). In these reports the GAO had recommended that guidelines and recommendations be promulgated to increase the frequency and formalize the inspection and control of certain types of drilling rigs. The Department had previously assured the subcommittee and GAO that regulations would be issued by June 1974, but this deadline has not been met. The subcommittee has urged immediate promulgation of the necessary regulations.

b. Benefits.—Regulations to tighten and increase the frequency of inspections of oil rigs would help control and eliminate many small but chronic discharges of oil into the ocean environment. This would have benefits in terms of improved fish and waterfowl habitats and would provide considerable saving in terms of oil clean-up costs that would otherwise be required at the expense of Federal, State and local governments and the oil industry.

13. Interior Department's Game Range Transfer.

a. Summary.—The Interior Department announced in February 1975 that it intended to transfer administration of the Charles M. Russell Wildlife Range in Montana, the Charles Sheldon Antelope Range in Nevada, and the Kofa Game Range in Arizona to the Bureau of Land Management (BLM). Prior to this decision, these three game ranges were jointly administered by the BLM and the Fish and Wildlife Service. The subcommittee staff conducted a thorough investigation in order to determine the basis for this decision, which culminated in a report of staff findings which was inserted into the *Congressional*

Record by Chairman Moorhead on July 23, 1975. At the same time, the House Appropriations Interior Subcommittee and the House Merchant Marine and Fisheries Committee moved to block the transfer. The House eventually passed legislation which would require that joint administration of the ranges be continued. Subsequently, a U.S. District Court judge enjoined the Department from carrying out the game range transfer until an environmental impact statement is prepared.

b. Benefits.—The subcommittee's efforts to prevent the transfer of the three game ranges to BLM should result in better protection of the wildlife resources on the valuable public lands. In addition, it prevents the Department from establishing a precedent for transferring other units of the National Wildlife Refuge System from the Fish and Wildlife Service to the Bureau of Land Management.

14. Mining in National Parks and Monuments.

a. Summary.—The National Park Service has traditionally permitted mining in a number of national parks and monuments. When mining in Death Valley National Monument accelerated during 1975, national attention focused on the threatened destruction of the view from Zabriskie Point in Death Valley. (Earlier concern had been expressed about possible mining activities in Glacier National Park.)

The Chairman of the subcommittee wrote to the Acting Secretary of the Interior questioning the legal basis on which the Department acted in regard to Death Valley and urged the Secretary to reexamine that legal basis and the Department's policy relating to mining in the National Parks. He also requested that the Department endorse legislation which would prohibit such mining in the future.

The Chairman of the subcommittee also urged the chairman of the House Committee on Interior and Insular Affairs to give priority attention to legislation which would prohibit future mining in national parks and monuments.

b. Benefits.—The Chairman's letters helped focus further attention on the issue of mining in the national parks. That attention assisted in the identification of the need for legislation in this area. The House Parks and Recreation Subcommittee has reported favorably to the House Interior and Insular Affairs Committee legislation which would prohibit mining in the national parks and monuments. Although the Department of the Interior persists in the opinion that they now lack the legal authority to prohibit mining in the national parks and monuments, it did endorse legislation which would so prohibit mining in the future.

15. Dredge and Fill Regulations.

a. Summary.—On May 6, 1975, the U.S. Army Corps of Engineers published in the Federal Register (40 F.R. 19766) four alternative sets of regulations which would govern the Corps' regulatory program for dredge and fill operations. New regulations were required to be published by order of the court in *NRDC v. Callaway, et al.*, (D.D.C., March 27, 1975) in which plaintiffs cited a report of this subcommittee, *Our Threatened Environment: Florida and the Gulf of Mexico*, House Report No. 1396, 93d Cong., 2d sess. (1974). The Corps indicated it favored the option which most narrowly defined "navi-

gable waters," thereby eliminating most wetlands from the scope of the regulations. The Corps' favored option was clearly at odds with the EPA's proposed regulations for its part of the shared Corps-EPA program under section 404 of the Federal Water Pollution Control Act.

The subcommittee met with representatives of the Corps and the EPA on June 10, 1975, and urged the two agencies to work together on their regulations and to endeavor to find common ground so that the final regulations would provide the needed protection for wetlands and avoid undue administrative burdens.

b. Benefits.—At the subcommittee's request, the representatives of the Corps and the EPA assured the chairman that they would work together to develop regulations for the dredge and fill program designed to provide a consistent EPA-Corps program which would be administratively workable and which would provide the protection of waters and wetlands required by the law. On July 25, 1975, the Corps published regulations meeting those objectives.

16. Administration by the Interior Department and Its Agencies of Departmental Conflict-of-Interest Regulations.

a. Summary.—The subcommittee, with the assistance of the General Accounting Office, is continuing to examine the adequacy of the Interior Department's administration of its regulations and statutory instructions relating to conflicts-of-interest. In response to the subcommittee's request, the GAO filed a formal report (B-103987, 180.228, 118678) to the subcommittee on December 2, 1975, which revealed several instances where Interior officials held securities that potentially conflicted with their duties as caretakers of the nation's public domain. The Interior offices reviewed in the report included the Bureau of Land Management (BLM), Bureau of Mines, Mining Enforcement and Safety Administration (MESA), Office of the Assistant Secretary for Energy and Minerals, and the Office of the Assistant Secretary for Land and Water Resources. The study showed that the 1,400 MESA officials were not required to file disclosure statements at all, pursuant to a Solicitor's opinion.

A previous report, done for the subcommittee by GAO (B-118678) and dated March 3, 1975, reviewed financial disclosure procedures being employed by the U.S. Geological Survey. The report found that the Survey's disclosure system was not effective.

b. Benefits.—As a result of the GAO's findings, the Department of the Interior has issued new guidelines requiring all employees to file financial disclosure statements. The Department has also indicated that MESA officials will be required to file statements. It is expected that this action should improve the climate within Interior for objective decision-making concerning the use of natural resources.

17. Annexation of Rural Electric Cooperatives.

a. Summary.—The subcommittee investigated the policies of the Rural Electrification Administration (REA) to determine the actual and potential loss of customers by rural electric cooperatives through annexations by municipalities and subsequent condemnation by utilities serving the municipality. The cooperatives which are threatened by annexation and condemnation feel that REA should recommend in-

tervention by the Justice Department in those areas where the economic well-being of cooperatives is in jeopardy. The REA agreed to meet with Justice Department officials regarding a potential condemnation action against the Kosciusko County, Indiana, Rural Electric Cooperative.

b. Benefits.—The REA appears to be increasingly aware of the need to give more attention to the loss of customers by rural electric cooperatives due to annexation and subsequent condemnation. The subcommittee is continuing to monitor developments in this area.

18. Foster City—Corps of Engineers Permits.

a. Summary.—The community of Foster City in San Mateo County, California, requested a permit of the U. S. Army Corps of Engineers to further fill an area adjacent to San Francisco Bay which had been diked since 1961. The permit had been pending for several years and had been the subject of numerous government proceedings. In addition to State, regional and local agencies, the Federal EPA, the U. S. Army Corps of Engineers, and the U. S. Fish and Wildlife Service were all involved in determining whether the pending permit should be approved. On September 12 and 13, 1975, the subcommittee inspected the area and held hearings in Foster City to hear representatives of State, local, and Federal agencies. A complicated and time-consuming Federal permit procedure was described by the witnesses.

b. Benefits.—Representatives of the Corps and of the U.S. Fish and Wildlife Service identified procedural reforms which could expedite the consideration and processing of applications for Corps of Engineers' permits. Representatives of these agencies have assured the subcommittee that they will work together to simplify and expedite the permit process for greater economy and efficiency. Techniques for integrating State, regional, and Federal agency procedures also were identified.

19. Glen Echo Park.

a. Summary.—In 1969 the House Committee on Government Operations approved an exchange whereby the General Services Administration (GSA) would take over Glen Echo Park in Montgomery County, Maryland, in exchange for land it owned in Washington. One of the conditions which the committee imposed before it approved this land exchange was that Glen Echo must be administered by the Federal Government as a park.

The GSA attempted to transfer Glen Echo to the Interior Department so that it would be operated as part of the National Capital Parks system. However, the Office of Management and Budget (OMB) attempted to block this transfer because they wanted the State of Maryland to operate Glen Echo.

At the urging of the subcommittee and with the assistance of the full committee staff, the OMB on December 5, 1975, approved the transfer of Glen Echo to National Capital Parks. Official transfer by GSA is expected in the very near future.

b. Benefits.—As a unit of the National Capital Parks system, Glen Echo will continue to be staffed and operated in a manner that will permit maximum visitor enjoyment. The subcommittee's efforts prevented the transfer of park land and facilities from the Federal domain which were valued at \$2,685,000 as of 1968.

20. Landmark Services Preparation for the Bicentennial.

a. Summary.—In order to determine whether the Landmark Services Tourmobile, a motorized tour service concession operation in the National Capital Parks, would be ready to cope with the expected influx of visitors during the Bicentennial, the subcommittee examined Tourmobile's plans for providing the necessary additional services to the visitor during 1976. The Park Service's willingness to require Landmark to provide an adequate number of Tourmobiles to meet the anticipated demand was also investigated.

b. Benefits.—Both Landmark and the Park Service agreed that additional Tourmobile service must be made available to the visitor during 1976. Hopefully, the efforts by the subcommittee to draw attention to the need for Landmark to be prepared for the influx of visitors expected this year will also improve the quality of service which it provides under a Federal concession.

II. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

Twenty-five General Accounting Office reports to the Congress were received by the subcommittee.

1. "Better Overall Planning Needed To Improve the Standard of Living of White Mountain Apaches of Arizona," August 12, 1975, B-114868.

The Department of the Interior's November 10, 1975, response to the GAO report failed to address the substantive recommendations concerning improved coordination by the Bureau of Indian Affairs of Federal assistance programs affecting Indian reservations. On November 18, the Chairman of the subcommittee wrote to the Secretary of the Interior, indicating that the Department's response was inadequate and requesting a more substantive response to include the following: (1) address the need for formulating and implementing an overall plan for coordination of Federal Indian assistance programs; (2) state specific steps that will be taken by BIA and the Department of the Interior to develop a coordination plan to effectively and efficiently integrate Federal programs affecting the White Mountain Apache reservation; (3) provide for a continuous evaluation of the effect of Federal programs on the standard of living at Indian reservations; and (4) provide for an annual progress report to Congress on Indian living standards. The subcommittee is continuing to pursue this matter.

2. "Proposed Move of St. Helens Ranger District Headquarters from Pine Creek in the Gifford Pinchot National Forest to Yale, Washington," July 8, 1975, B-125053.

This report examined the inordinate expense involved in a proposal to move a local Forest Service ranger headquarters from Gifford Pinchot National Forest to Yale, Washington. It recommended that the Secretary of Agriculture have the Forest Service reconsider its decision to move the station, recognizing all pertinent costs.

In response to the report, the Department of Agriculture concurred with the GAO's recommendation and indicated that the cost and

benefits of the move would be reconsidered. The Chairman of the subcommittee, as a matter of routine follow-up to department responses to GAO reports, requested on October 24 that Agriculture inform the subcommittee of the estimated date of completion of the supplemental cost/benefit analysis and provide the subcommittee with a copy of the analysis. As a result, the Department set a January 31, 1976, deadline for completion of the study. When completed, the subcommittee staff will review the analysis.

A reversal of the Forest Service's decision to relocate the Ranger Station would save an estimated \$131,500 in moving costs and would prevent the abandonment of Forest Service facilities at St. Helen's worth \$380,000.

III. Projected Program for the Remainder of the 94th Congress

The following will be the subject of investigations and reports:

- (1) Refuse to Energy (solid waste and resource recovery).
- (2) Revisions of Project Independence.
- (3) Federal Nuclear Power Activities.
- (4) Coal: Its Energy and Environmental Implications.
- (5) Cost Ceilings for Water Resources Projects (Bureau of Reclamation and Corps of Engineers).
- (6) Outer Continental Shelf Oil and Gas Development Impacts on Coastal Areas.
- (7) Excess Lands Enforcement by the Bureau of Reclamation.
- (8) Clearcutting in National Forests (National Forest Service).
- (9) Conflict Among Federal Agencies over Deep-seabed Ocean Mining Jurisdiction.
- (10) Bureau of Land Management Oversight Hearings.

D. GOVERNMENT ACTIVITIES AND TRANSPORTATION SUBCOMMITTEE

Hon. WM. J. RANDALL, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

1. Federal Aviation Administration's Procurement of the Electronic Voice Switching System.

a. Summary.—On August 14, 1974, the subcommittee then under the Chairmanship of Hon. Jack Brooks conducted hearings involving FAA's award of a \$75 million contract to Philco-Ford Corp. for the development and production of 22 units of the electronic voice switching system. The EVS system was designed by FAA to provide interconnections for voice communications between air traffic control personnel in en route traffic control centers, flight service stations, control towers, remote controlled air/ground facilities, and other facilities. The system was designed to provide a semiautomated, flexible, speedy, and economical voice communications capability in air traffic control which would improve upon the existing interphone/intercom system operated by A.T. & T. FAA's procurement request called for bids on both a prototype model and 21 production models to be delivered over a period of approximately 4 years. Specifications for the procurement were general in nature—permitting a bidder a wider discretion in proposing the hardware and equipment configuration for the system.

FAA, rejecting the advice of its own general counsel's office, and that of DOT's Office of Installations and Logistics, solicited a request for procurement which combined both the procurement of the prototype and production models together. Since the prototype was to be procured on a "cost-plus" basis this presented the possibility that the successful bidder would use the "cost" basis in the prototype phase to finance the research needed to perfect the production models. Such a procurement would also tend to deny FAA effective cost competition on the production models once the design and development were perfected.

Essentially, two companies were in competition for the procurement—Philco-Ford and North Electric Co. FAA's technical officials determined that North Electric was far more technically qualified to develop the EVS system. However, their recommendation was overridden and the award was made to Philco-Ford, although FAA should have questioned at the time of the award whether Philco-Ford was deliberately bidding too low.

Following the award, the earlier warning signs materialized. Philco-Ford delayed negotiating subcontracts, canceled out the vital com-

puterized central switching system, failed to develop acceptable designs to meet FAA's specifications and fell 3 years behind the delivery schedule. It also began negotiating price increases with FAA— negotiations initiated in part by FAA's proposed changes in certain specifications. In the course of price negotiations tied to the proposed changes, the price rose to approximately \$105 million—a figure which grossly exceeded the price bid by any competitor in the original solicitation.

As a result of the rampant price increases and growing delays, the FAA canceled the contract at the time the subcommittee's hearings were announced. At the hearings, the FAA Administrator acknowledged that his agency will have to overhaul its procurement procedures.

b. Benefits.—The hearings, by forcing the cancellation of the contract, could ultimately save the Government \$50 to \$100 million. The publicity given deficiencies in FAA's procurement practices should also cause a major reappraisal and improvement in procurement policies and procedures.

c. Hearings.—Hearings were held in Washington, D.C. on August 14, 1974. Hearing transcript has been printed.

2. Improved Procedures Needed by FAA for Implementing NTSB Safety Recommendations.

a. Summary.—On March 25, 1975, a hearing was held by the subcommittee on FAA procedures for implementing NTSB safety recommendations. Officials from the Federal Aviation Administration, the National Transportation Safety Board, the General Accounting Office, as well as Representative Ralph M. Metcalfe (D-Ill.) testified regarding the need for improved communications and coordination between FAA and NTSB, and for expedited FAA implementation of high priority NTSB safety recommendations.

Between fiscal year 1970 and fiscal year 1974, NTSB issued 655 safety recommendations. As of August 29, 1974, NTSB classified 222 of these as "open," in that they had not been implemented or rejected by FAA. NTSB and FAA also did not agree on which recommendations were "closed" and which were "open." For example, during fiscal year 1973, FAA classified 40 recommendations as "closed" which NTSB had classified as "open."

In July, 1974, FAA developed an NTSB Safety Recommendations Digest and FAA status log to monitor FAA response to safety recommendations. GAO witnesses testified that these monitoring logs did not contain updated and accurate information. The logs showed that action deadlines had been set by FAA and then bypassed, and that in many cases deadlines had been set so far in the future that FAA consequently "lost" safety recommendations.

In September, 1974, the NTSB Chairman and the FAA Administrator met to arrange quarterly meetings between the Director, Bureau of Aviation Safety, NTSB and the Associate Administrator for Safety, FAA. These meetings were designed to discuss problems of FAA implementation and to facilitate NTSB-FAA communication on the current status of NTSB recommendations and FAA responses. NTSB witnesses testified that these meetings are important and should be continued.

GAO witnesses also testified that the average time required by FAA to process formal rule changes in response to NTSB recommendations is 28 months, and can be as long as 3 years and 4 months. This delay is due to a preoccupation with petitions for exemptions from existing regulations and to understaffing in the FAA's Office of General Counsel.

In lieu of formal rulemaking procedures, FAA also responds to NTSB recommendations with nonmandatory public issuances or internal directives. FAA has no system of "feedback" to determine whether these public issuances effectively implement recommendations. The subscription list for various FAA issuances is 10,000 and 38,000, while there are 700,000 pilots in the United States.

Prior to the hearing, NTSB revised its organization and procedures to facilitate monitoring of FAA responses. Following a study in late 1973, full-time positions were established within NTSB to coordinate this monitoring program. Further, on February 21, 1975, NTSB published Order 6400.1, under which a safety recommendation can be "closed" only by formal action of the Board. NTSB also began classifying its safety recommendations in order of urgency: Class I, II, and III recommendations. Prior to the issuance of the report, the FAA took certain steps to improve procedures. FAA designated 30 high priority rulemaking projects for expedited processing by its regulatory council. Bi-weekly meetings were held on a high level within FAA to identify ways of accelerating the formal rulemaking process. FAA also approved and began to implement a major streamlining reorganization of Flight Standards Service.

The Committee report recommended that (1) the quarterly meetings between FAA and NTSB be continued and encouraged; (2) The FAA keep its monitoring logs current and avoid assigning completion dates too far in the future; (3) that FAA reduce delay in rulemaking procedures; and (4) that FAA review the use of public issuances and establish procedures to monitor the effectiveness of these issuances. In response to the recommendations of the report, FAA has made the quarterly meetings with NTSB permanent.

Further, FAA has updated its monitoring logs with current information. FAA has also reviewed recommendations classified by NTSB as "open" and has further identified those requiring expedited action. FAA is also reviewing its use of public utterances with a view toward establishing an effective monitoring system.

b. Benefits—More reliable implementation of measures designed to protect human life should result.

c. Hearings—The hearing transcript has been printed and a report has been issued.

3. Selection and Training of FAA Air Traffic Controllers.

a. Summary.—On June 21, 1975, a hearing was held by the subcommittee on the policies and procedures of the FAA in the selection and training of FAA air traffic controllers (ATCs). Officials from the FAA were questioned on the inefficient use of funds and manpower in the FAA ATC training program.

Between 23 and 30 percent of all FAA trainees do not complete the 3-year training course and become FAA journeymen. In fiscal year

1975 there were approximately 1,550 such trainees. Because of the high attrition rate, FAA must bring into basic training more trainees than are required to fill all journeymen positions 3 years later. The cost of this 3-year training is approximately \$55,000 per student. The attrition rate represents an annual loss to the Government of over \$13.8 million. Though some attrition is inevitable, FAA selection and training procedures and policies are in large part responsible for this problem. First, in its screening process FAA does not use tests which measure behaviors required of controllers on the job. Instead, FAA uses selection criteria which favor candidates with certain employment experiences. These experiences are not necessarily valid indicators of the aptitudes and skills needed by ATCs.

Moreover, such criteria may discriminate selectively against minority applicants who have not been afforded access to this experience. Second, since in 1970 FAA eliminated the use of a pass/fail system during its 8-week training course at the FAA Academy, it has no current means of eliminating trainees who perform unsatisfactorily. Finally, once the trainee is sent to an FAA facility for the remainder of his training, the FAA facility may not terminate an unsuccessful trainee until after he has been with the FAA for nearly three years. During the 3-year period, an FAA ATC trainee receives full pay, per diem, and travel expenses.

FAA also does not sufficiently utilize aptitude tests in order to place trainees in FAA facilities where they are best suited to work.

Because trainees are hired by FAA facilities rather than by the FAA Academy, large and uncoordinated fluctuations in hiring occur which cause the Academy to be underutilized at times, and overutilized at others. These fluctuations cause unnecessary expense, and approximately \$1 million could be saved by smoothing trainee enrollments.

Radar equipment available at the Academy for ATC trainees is old, expensive to operate, and difficult to maintain. The actual radar display used by trainees is approximately 30 years old.

b. Benefits.—FAA has become more aware of the need to eliminate inefficiencies in its selection and training procedures. If Committee recommendations are implemented by FAA, nearly half of the \$13.8 million lost annually by FAA through trainee attrition would be recovered, and \$1 million in Academy operating costs could be saved. FAA has already indicated its concurrence with these recommendations.

c. Hearings.—A hearing transcript has been printed, and a report has been issued. The report recommends that the FAA review its selection and training procedures and (1) improve screening procedures; (2) terminate as early as possible unsuccessful trainees at the FAA Academy and at FAA facilities; (3) institute a centrally-directed system of coordinated hiring; and (4) install more up-to-date radar training simulators at the FAA Academy.

4. Transportation of Hazardous Materials by Air.

a. Summary.—On October 8, 1975, a hearing was held by the subcommittee continuing its investigation into the policies and procedures of the Department of Transportation in regulating the transportation of hazardous materials by air. Officials from the Department

of Transportation (including officials from the FAA and the Materials Transportation Bureau), the National Transportation Safety Board, and representatives of the Air Line Pilots Association testified regarding the DOT's implementation of Title I of Public Law 93-633, the Hazardous Materials Transportation Act.

Testimony revealed that at least 75 percent of all hazardous materials shipments transported by air are in noncompliance with regulations. Copies of the regulations are often not available for shippers and carriers. Current regulations are complex and confusing, and authorize for transportation by air certain hazardous materials which cannot be dealt with adequately in the event of an emergency. In its on-going consolidation of the regulations, the MTB has proposed to implement in part the recommendation of the DOT Task Force on Hazardous Materials in Air Commerce that additional materials be prohibited from cargo-only and passenger-carrying aircraft.

FAA was questioned extensively on its exemption-issuing procedures. Effective October 16, 1975, DOT issued new exemption procedures to implement Section 107 of the Hazardous Materials Transportation Act, nine months after the Act went into effect. FAA's authority to issue exemptions has been transferred to the MTB. The subcommittee requested and received numerous copies of exemptions granted by FAA and DOT before and during this period. Exemptions had been granted by FAA and DOT without an opportunity for public comment and without an adequate safety analysis. The NTSB testified that even the new exemption procedures do not require an applicant to submit an adequate safety analysis. The subcommittee has made arrangements with the MTB to monitor exemptions issued under the new procedures.

FAA was also questioned on its implementation of Section 108 of the Hazardous Materials Transportation Act. The FAA's implementation allows the transportation of radioactive materials on passenger-carrying aircraft for purposes of industrial research.

FAA inspection and enforcement programs were examined. From a review of FAA enforcement actions taken in response to a major hazardous materials incident, it appears that FAA does not process its enforcement actions expeditiously.

Finally, FAA was questioned extensively on its surveillance of exempted air taxi operators. Following the hearing, the subcommittee conducted a field study of one air taxi operator exempted to transport hazardous materials for U.S. Government agencies.

b. Benefits.—FAA, DOT and Congress have become more aware of the inherent dangers in the transportation of hazardous materials by air. DOT's new exemption procedures, finalized after the hearing, have provided DOT with the means for eliminating the weaknesses in the exemption-issuing process. The Secretary of Transportation, upon request, clarified the Department's interpretation of Section 108 of the Hazardous Materials Transportation Act. FAA has been made more aware of the importance of vigorous enforcement of the regulations. FAA, DOT and Congress have once again been reminded that the problem of shipper noncompliance with the regulations remains unsolved. Increased safeguards to human life should result.

c. Hearings.—A hearing was held on October 8, 1975. The hearing transcript has been published. A report is being printed.

B. OTHER INVESTIGATIONS

1. Interstate Commerce Commission—Activities in Motor Trucking Regulation.

a. Summary.—Early in 1975, a good deal of criticism appeared in print concerning the Interstate Commerce Commission's regulatory activities, policies, and administration, particularly with respect to motor-vehicles. The criticisms included rigidity against evolutionary pressure and innovation, excessive delay in processing cases, and wasteful restrictions on truck routes and cargoes. The subcommittee selected three among several leading issues for the focus of its inquiry.

(1) *Gateway Elimination.* Where one carrier has two separate irregular-route authorities that overlap, it often wants the right of direct Point A to Point C movement in order to avoid circuitous travel through Point B, a so-called "gateway" city common to the two routes.

(2) *Reducing Empty Backhauls.* The problem occurs when a carrier's authority is not broad enough to permit it to carry certain available commodities back on the return trip.

(3) *Delay in the Regulatory Process.* Such delays, commonly nine months and more in motor-carrier cases, can be costly to carriers, shippers, and the consumer. The prospect of delay discourages a carrier from seeking or protecting rights and opportunities through the regulatory process.

In order to learn what was being done and what could be done about such problems through enlightened policies, resourceful administration, and effective, efficient use of staff and budget resources, the subcommittee held a hearing May 1, 1975. Testimony was received from the Chairman and the Vice-Chairman of the Commission, as well as from the Deputy Under Secretary, Department of Transportation.

Testimony covered the above three issues.

(1) *Gateway Elimination.* Following the 1973 energy crisis, ICC issued new regulations which authorized irregular route motor common carriers to use a direct route which is less than 20 percent shorter than its authorized gateway route, requiring only a letter of notification to that effect. As of April 22, 1975, 22,000 notifications and applications had been received by ICC, and 17,000 processed. ICC also instituted changes in its Superhighway and Deviation Rules to authorize regular route motor common carriers to traverse routes which are up to 20 percent shorter rather than 15 percent shorter as before.

(2) *Reducing Empty Backhauls.* ICC witnesses stated that only 7 percent of all vehicle miles for regulated motor common carriers of general commodities were "empty" as opposed to loaded. ICC's position is that ICC regulation is not responsible for the majority of empty backhaul miles, but that the empty backhaul problem is the result of general geographic and economic factors. DOT testified that the ratio of "empty" over "loaded" miles is actually 27 percent rather than 7 percent. DOT pointed out that a major problem is "underloading" of trucks, and that private carriers are restricted from transporting commodities for their affiliates on a for-hire basis and are forbidden to lease trucks to regulated carriers for periods shorter than 30 days. DOT testified that through its rate bureaus and entry controls, ICC forces competition by services rather than by price, and

therefore creates excess capacity and inefficient use of transportation resources.

(3) *Regulatory Lag.* ICC operates under strict statutory requirements. ICC case load is large: 8,783 formal cases, 10,000 informal cases, and 10,000 gateway elimination cases were filed with the Commission in fiscal year 1974. Under ICC procedures, average processing time in oral hearing cases is 19.9 months. Under "modified procedure" (without benefit of oral hearing) the average processing time is 9.1 months. Because of this regulatory lag, ICC grants "temporary authorities" for no more than 30 days.

It increasingly uses rulemaking proceedings to promulgate general standards and eliminate the need for formal hearings. In fiscal year 1971 there were 44 such proceedings; whereas in fiscal year 1974 there were 68. ICC witnesses testified also as to the administrative burdens of complying with the National Environmental Protection Act and the Administrative Procedure Act. The testimony also brought out distinct philosophical differences between DOT and ICC as to the approach to transportation regulations, the Department asserting a policy of development role in accordance with the 1966 Department of Transportation Act (49 U.S.C. 1651(c)). ICC witnesses emphasized the agency's long-time regulatory role as basically evolutionary in character. The DOT position emphasizes deeper, more basic changes.

b. Benefits.—Testimony as well as later ICC actions make clear that the Commission has made an effort to respond to some of the criticism and has an active, often innovative, program of procedural and substantive reforms. For example, the hearings disclosed that data relating to empty truck mileage adduced by ICC and by DOT were incomplete or incompatible. The Commission has now begun an extensive survey to collect new load data from check points in the Interstate Highway System. In June, a Blue Ribbon Staff Study Panel charged with reviewing internal procedures and substantive rules and to propose modernization and reform submitted 61 recommendations, a large number of which are designed to simplify and expedite the Commission's regulatory process. Some have been adopted.

ICC, DOT and Congress have become more aware of the many problems in ICC regulatory policies and procedures. At a hearing before this Committee's Legislation and National Security Subcommittee, the Commission's Vice Chairman testified that Congressional interest, from which the Commission obtains a better idea of what is expected, has helped the Commission move "in the right direction" (hearing on H.R. 7575, June 20, 1975).

2. Automatic Data Processing—GSA Implementation of Public Law 89-306.

a. Summary.—In September 1975, the subcommittee initiated a study of GSA's implementation of Public Law 89-306 (40 U.S.C. 759) often referred to as the Brooks Act. This statute directs the Administrator of General Services to coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by Federal agencies and confers on him the sole authority to procure automatic data processing (ADP) equipment

for the Government. The Administrator may delegate his procurement authority to other agencies when he deems appropriate for reasons of economy, efficiency, security, or defense. When procurement authority is delegated, GSA retains responsibility for insuring that procurements are both economically valid and competitive.

The primary objective of this study is to evaluate GSA's effectiveness in providing for the economic coordination and acquisition of ADP resources with emphasis on the competitive process in procurements.

In conducting this inquiry the subcommittee, assisted and supported by the full committee staff is examining GSA's internal organization, the effectiveness of procedures used by GSA to carry out its responsibilities under Public Law 89-306, and GSA's working relationships with OMB and other executive agencies. Assistance of a GAO representative is being utilized. As of June 30, 1975, the Government had an inventory of 8,649 computers and the total value of all ADP equipment was over \$4.3 billion. The cost of ADP equipment and maintenance acquired during 1975 is estimated at \$830 million over the life of the equipment.

When an agency needs ADP equipment, it requests procurement authority from GSA. GSA reviews the request and in 90 percent of the cases delegates procurement authority to the requesting agency. In the remaining case, GSA does the procurement for the agency. In granting a delegation of procurement authority, GSA generally places restrictions on the agency designed to insure that GSA and OMB regulations are followed and that the procurements are competitive to the maximum practical extent. However, GSA does not follow up to insure that the restrictions are followed. Some agencies do not strictly adhere to the restrictions possibly compromising the competitiveness of their procurements.

Much of the ADP equipment acquired under delegations is not obtained on a competitive basis. In Fiscal Year 1975, GSA gave agencies 399 delegations of procurement authority. Of these delegations, 210 were for sole source procurements, the antithesis of competitive procurements.¹ Over the past three years, there has been a significant increase in both the number of sole source procurements requested by agencies and approved by GSA. In Fiscal Year 1973, 88 sole source procurements were requested and 47 approved. During Fiscal Year 1975, 275 sole source procurements were requested and 210 approved. Additional noncompetitive procurements are made when agencies specify a computer made by a specific manufacturer or a firm which has obtained the computer from the original manufacturer for resale or lease to other organizations. This type of procurement called "make and model," falls between fully competitive and sole source and provides marginal or very limited competition. In most make and model procurements, the original equipment manufacturer is awarded the contract on what is practically a sole source basis. During Fiscal Year 1975, approximately \$67.7 million worth of ADP equipment was obtained through procurements where a specific computer was required.

¹ In these cases, the procuring agency decides to obtain the ADP equipment from a single supplier, so that there is no competition.

The original equipment manufacturer supplied \$59.3 million of this equipment.

GSA could substantially improve its implementation of Public Law 89-306. There is a serious lack of competitiveness in ADP equipment procurements which, in the long run, could lead to increased costs. The investigation is continuing in an effort to define more fully the whole problem of lack of competitiveness, to develop possible solutions, and to assess GSA's performance as Government-wide manager of ADP resources.

On October 1, 1975, the Comptroller General issued a report entitled "Further Action Needed to Centralize Procurement of Automatic Data Processing Equipment to Comply with the Objectives of Public Law 89-306" (B-115369). The report suggested that GSA move toward the single purchaser concept. Background information from this report is being used to assist study of the matters under particular subcommittee investigation.

b. Benefits.—They are difficult to determine at this stage of the inquiry, but large savings could result if recommendations on improving competition and GSA procurement of ADP are developed. Pursuant to a Committee request, GSA will begin shortly a new notification system to advise the Committee of major ADP procurements. Included in these notifications will be information on the type of equipment or services being acquired, cost, type of procurement, and justification for noncompetitive procurements.

3. Near Midair Collisions.

a. Summary.—On December 16, 1975, the subcommittee reopened hearings into the subject of near midair collisions. Hearings had been held in 1971 entitled "Aircraft Collision Avoidance Systems", and renewed public interest arising out of a series of near midair collisions in November-December, 1975, mandated a renewed look at the efforts of the FAA in developing a useful collision avoidance system.

The witness at the hearing was the new Administrator of the FAA, Dr. John McLucas. He described the new conflict alert system which had been recently installed in all FAA en-route control centers, and also stated that the FAA was going to report within one month on their evaluations of several types of aircraft collision avoidance systems.

On November 26, 1975, a midair collision was averted by a margin which may have approached 20 feet. This incident, in which many people were injured as a result of violent evasive action taken by one of the pilots, was the first in a series of near midair collisions, with some 5 others being reported in the succeeding seventeen days.

At issue is whether the state of the art now is sufficiently developed, (as it was not in 1971), to offer a functioning collision avoidance system at a feasible price. The FAA will be required to choose between two dissimilar types of equipment, either a ground based or an air-plane contained system. The subcommittee will review the activity of the FAA in this regard, and attempt to better define both the problem and the most viable solution.

Also of concern to the subcommittee was the seemingly uncoordinated mix of civilian and military air traffic in the southeastern coastal

area of the United States. Staff investigations are laying the foundation for hearings into FAA-military cooperation, and constructive steps which could be taken to remedy, as much as is possible, the presently disjointed situation.

b. Benefits.—A greater degree of safety and confidence in the realm of air travel will result. The increasing amount of exposure which results from ever increasing density and complexity of air traffic will be lessened. The ultimate benefit will be the saving of human lives which otherwise might have been lost.

B. OTHER INVESTIGATIONS

4. ICC—Compliance with General Accounting Office Regulatory Reports Procedure.

a. Summary.—Recent amendments to the Federal Reports Act (44 U.S.C. 3512) provide for General Accounting Office clearance of proposals by independent Federal regulatory agencies to conduct or sponsor the collection of information. ICC requested clearance of a new annual performance report to be filed by household goods carriers and furnished to prospective customers. (See 39 F.R. 44514, December 24, 1974.) GAO determined that the report would be an unduly burdensome requirement within the time available. Later, on receipt of more information from ICC, GAO withdrew its objection. At the same time, however, it pointed out to the Commission that it actually had promulgated a final reporting requirement prior to GAO's having reviewed it. This would be inconsistent with 44 U.S.C. 3512. The subcommittee wrote to the ICC Chairman on March 6, 1975, and requested a response concerning the apparent failure to observe the proper procedures. The Chairman replied March 24, 1975.

b. Benefits.—The ICC Chairman, responding to the subcommittee on March 24, 1975, stated that ICC was working with GAO on ways to avoid such potential conflicts in the future. He added he was confident there would be no recurrence of the type of circumstances which precipitated the instant matter. Since 44 U.S.C. 3512 is recognized to be somewhat ambiguous as to the effect of GAO's withholding clearance, it becomes incumbent on both GAO and the regulatory agencies to approach clearance reviews in a reasonable and cooperative manner. (See GAO's general statement of policies, requirements, and procedures set out at 39 F.R. 24345, July 2, 1974.) The subcommittee's action in this case should further this approach.

5. DOT Certification of the SST Concorde.

a. Summary.—On July 24, November 13 and 14, and December 9 and 12 hearings were held by the subcommittee on the procedures by which the Department of Transportation evaluated for certification the Anglo-French supersonic transport, the Concorde. Witnesses included Members of Congress, prominent scientists, officials of the FAA, and ultimately, the Secretary of Transportation.

The chief area of concern was that there appeared to be instances in which data unfavorable to the aircraft was presented either as favorable, or not presented at all. Official DOT and FAA documents contained conflicting statements as to the noise characteristics and potential for atmospheric contamination which could be presented by

operation of the Concorde. In an effort to determine whether allegations of intentional misrepresentation of the facts had validity, witnesses who had been engaged in the departmental evaluation process were questioned, and several areas of clear dispute were developed. A graphic example was the representation of the noise which could be expected to be generated by the SST. A 1973 DOT information brief stated that the Concorde would be perceived as "several times as loud" as the Boeing 707 or the McDonnell-Douglas DC-8. In the Draft Environmental Impact Statement prepared by the FAA, the Concorde was described as "roughly comparable" to those same aircraft. In November of 1975 the Secretary of Transportation stated that the Concorde would be perceived as more than twice as loud as the 707 or DC-8.

In addition, scientists who had been retained by DOT to study the emission effects of the airplane testified that their findings had been watered down and underplayed in the official DOT report of findings of their study. These charges were denied by DOT witnesses who felt that they had an obligation to present a balanced picture. The hearing transcripts are in the process of being printed, and work on a draft report has begun. The report is expected to focus on the objectivity of the DOT and FAA in evaluating innovative and progressive developments in air travel.

b. Benefits.—The American people are entitled to unbiased and impartial consideration of matters which could affect the environment. A greater degree of attention will be paid by the DOT and FAA in the future when subjects potentially affecting the quality of life are before them for evaluation.

II. Legislation

A. NEW MEASURES

1. H.R. 9152, To amend the Federal Property and Administrative Service Act of 1949 to permit the donation of Federal surplus personal property to the States for public purposes, and for the other purposes.

a. Report number and date.—None.

b. Summary of measure.—In effect this bill is a reorganization measure. It would consolidate management or several Federal personal property distribution programs and bring them within the General Services Administration. This includes both programs based on excess property (not needed by owning agency) and those based on surplus property (not needed by any Federal agencies). The bill would broaden the purposes for which such property may be donated to include education, public health, public safety, conservations, parks and recreation, and economic development. More types of beneficiaries in more States would be eligible for property. Recipients include State and local governments, Indian tribes, and nonprofit public health and educational institutions. Project grantees of Federal agencies would also be eligible, with those needing the property for scientific research getting a priority. The States, through surplus property agencies, would have more discretion and flexibility in obtaining and distributing property. GSA's management and supervisory responsi-

bilities would include an annual report to Congress covering the entire program.

The need for such legislation arises because of the proliferation of Federal property assistance activities being handled by many different agencies. This has created duplication and waste, as well as problems of management and accountability. Property acquisition efforts of multiple Federal agencies and property recipients are in competition. More and more, recipients of excess property are enjoying a greater advantage over recipients under similar programs based on surplus property. As a result, some statutory programs that apply to all (not just some) States are being threatened by the inadequately controlled preempting of desirable property from older but equally worthy programs. (For discussion of investigative activities relating to these problems, see I.B., above.)

c. Legislative status.—Following hearings, several perfecting amendments and supplementary materials developed in preparation for anticipated subcommittee markup.

d. Hearings.—Two full days of hearings were held September 20, and October 2, 1975. Witnesses included representatives of GSA, DHEW, Commerce, GAO, National Governors' Conference, National Association of State Agencies for Surplus Property, Eastern Indians, and private individuals. Hearings to be printed.

2. H.R. 4574, H.R. 2265, et al., To amend Title 44, United States Codes, to strengthen the authority of the Administrator of General Services with respect to records management by Federal agencies, and for other purposes.

a. Report number and date.—None.

b. Summary of measure.—The bill is intended to strengthen the Administrator of General Services in his ability to guide and assist Federal agencies with respect to records creation, maintenance and use, and disposition. Twelve such bills were introduced by a total of 71 Member sponsors. Similar bills had been introduced during the 93d Congress.

Under H.R. 4574, the Administrator may recommend that the head of an executive agency take specific action with respect to records management. This can be raised to the level of an order if GSA takes the noncompliance by the other agency to a new five-member records review board to be created by the bill. Under H.R. 2265, the Administrator may himself issue an order. The affected agency head would be able to appeal such an order to the new review board. Both bills contain detailed definitions of "records management" and other terms, as well as statements of objectives and responsibilities for the Administrator which expand less detailed provisions in the current Title 44.

The legislation followed an August 13, 1973 report of the Comptroller General (B-146743) entitled "Ways to Improve Records Management Practices in the Federal Government," which had pointed out that in seven years since 1966 the costs of Federal paperwork had grown from \$8 billion to \$15 billion a year and that record holdings had grown from 26 million cubic feet to 30 million cubic feet. In its report to this Committee (September 20, 1973), GSA had concurred with GAO's recommendations, which were nonlegislative. In February 1975, early sponsors of these bills, including Messrs. Archer,

Horton, McKay, and White, declared the need for a more precise definition of "records management", and clearer, fuller statements of objectives and agency responsibilities. The need for a mechanism to compel recalcitrant agencies to improve records practices was also cited.

c. Legislative status.—A hearing was held on July 11, 1975, at which Congressman White, the Archivist of the United States, and a GAO representative testified. Statements were received from interested Members and outside persons. Although the Archivist testified in support of the bill, he was not able to present the official position of the Administrator of General Services or the Office of Management and Budget, neither of which had yet submitted the requested written comments. After prolonged reexamination of the structure of the measures, GSA advised in December that it was proposing certain changes, principally in connection with the enforcement aspects of the bill. The subcommittee is awaiting submittal of the final agency position.

d. Hearings.—One day of hearings held July 11, 1975.

3. H.R. 2532, To amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for the disposal of surplus real property to States and their political subdivisions, agencies, and instrumentalities for economic development purposes.

a. Report number and date.—None.

b. Summary of measure.—This bill and 11 identical bills have the objective of assisting State or local entities boost their economies where the closing of a Federal facility leads to severe unemployment. Transfers of surplus real property, including any improvements, would be made by the Secretary of Commerce on his determination of need and approval of the transferee's utilization plans. The Administrator of General Services would have the discretion whether to assign the property to the Secretary for such purposes. Transferees would include State and local governments, Indian tribes, and certain nonprofit organizations. A transfer could be made at a maximum discounted price of 25 percent of "fair market value." Benefits would be retroactive through allowing partial refunds of purchase money paid to similar types of community purchasers who had bought surplus real property from the Government after January 1, 1967. Property transferred would be subject to a 40-year restriction to economic development use. Sponsors of the bills cite the need in a time of high unemployment and lagging economic development for promoting transfer and redevelopment of surplus Federal real property to replace job losses from closing of Federal facilities that directly and indirectly had provided substantial employment.

c. Legislative status.—At an all-day hearing on October 22, 1975, the subcommittee heard testimony from three Member sponsors, and eight witnesses representing Atlantic Coast States and communities and a Texas community. In addition, Federal agency witnesses appeared from GSA, the Department of Commerce, and the Department of Defense. Although the Federal agencies opposed the particular bills for technical as well as substantive reasons, they indicated support for the concept of ameliorating the economic injury to an area from a major Federal shutdown and doing so through transfer by discounted

sale of available surplus Federal realty for economic development. Agency witnesses voiced interest in a restructured proposal to accomplish this, a suggestion which the subcommittee chairman indicated might be an acceptable approach. The affected Federal agencies have prepared such a proposal, which is now being studied by the Office of Management and Budget.

d. Hearings.—One day of hearings held October 22, 1975.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

1. Federal Property and Administrative Services Act of 1949.

As discussed under part I.B. and II.A. above, the subcommittee has engaged in numerous investigations involving the administration of this law, including the disposition of excess and surplus real and personal property and the procurement of ADP equipment by Government agencies.

2. Archival Administration, Pursuant to Title 44, United States Code.

The subcommittee's examination of management of records is discussed in part II.A., above (H.R. 4574).

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

a. Summary.—During the first session of the 94th Congress, 17 General Accounting Office reports to Congress were referred to the subcommittee. Of these, 3 dealt with the General Services Administration, 2 with the Department of Transportation, 1 with the Federal Aviation Administration, 2 with the Federal Highway Administration, 1 with the United States Railway Association, 1 with the St. Lawrence Seaway Development Corporation, 2 with the National Aeronautics and Space Administration, 1 with the Civil Aeronautics Board and 3 with multiple agencies.

In addition, GAO report B-101646, entitled "Use of Government Excess Personal Property by Non-Federal Entities," was prepared at the request of the subcommittee in connection with its investigation into the problems of the Federal excess and surplus property programs. H.R. 9152, now being considered by the subcommittee, is designed to meet these problems. (See II.A., *supra*.)

GAO report B-115369, entitled "Further Actions Needed to Centralize Procurement of Automatic Data Processing Equipment to Comply with Objectives of Public Law 89-306," was given particular attention by the subcommittee in connection with its investigation of the Federal Government's automatic data processing needs and operations as well as GSA's coordinating and procuring roles under Public Law 89-306 (section 111 of the Federal Property Act). For further discussion, see part I.B., *supra*.

B. OTHER REPORTS OR STATEMENTS

During the first session of the 94th Congress, a total of 44 explanatory statements of proposed negotiated disposals (including exchanges or leases) of Government surplus property were referred to

the subcommittee after their submission to the Committee pursuant to section 203(e) (3) (6) of the Federal Property and Administrative Services Act of 1949. See (40 U.S.C. 484(e) (3) (6) ; also 40 CFR 101-45.304-2(c) 101-45.4919 with respect to personal property, and 40 CFR 101-47.304-12 and 101-47.4911 with respect to real property.)

As pointed out in the subcommittee's hearings on H.R. 2532, the value of such property is very great. For instance, since January 1967, there have been some 370 sales to public bodies (comprising about 20 percent of all sales) which generated over \$185 million in sales proceeds. The subcommittee takes seriously its duty to review such proposed disposals carefully to determine that statutory and regulatory conditions applying to such disposals are observed and that the Government receives fair value and confers no unfair advantage to the property transferees. The law, of course, does not accord to the subcommittee or the Full Committee any veto power over proposed disposals. The Committee and subcommittee offer comments and recommendations. In the case of the property constructed at Laguna Niguel, California, by Rockwell International, a major defense contractor, subcommittee opposition in the 93d Congress to a certain Government-owned property located elsewhere in California was disregarded, although it appeared to violate the law, to be improperly evaluated and to entail other serious disadvantages to the Government, conclusions which subsequent developments have amply confirmed. (For further discussion of this case, see 27, supra.)

At the subcommittee and Full Committee levels studies have continued into several elements of the negotiated disposal procedure. As a result, GSA has taken certain steps to tighten policies and improve procedures.

(1) On May 16, 1975, the Administrator advised the Full Committee Chairman that initial disposal efforts through negotiation (and also through competitive bids) would be on a cash basis, without credit, except in certain cases where a proposed cash disposal to a public body would prove unfeasible or where lack of credit would materially impair salability of the property at prices otherwise obtainable.

Credit under the exceptions would be limited to 20 percent in sales over \$10,000 at a current interest rate of 10½ percent (except where State law restricts the rate payable by public bodies).

(2) Inadequacies observed in the format and content of explanatory statements were brought to the attention of GSA. In some instances, even the prescribed format (40 CFR 101-47.4911) was not being followed. On July 31, 1975, GSA advised all regional real property directors to follow a revised outline.

(3) A special type of disposal involves the negotiated sale of Government-owned machinery and equipment to a defense plant-owner that has been leasing the property from the Government. Where the property is difficult and costly to remove and where the Defense Department indicates that the property can be declared surplus if it is retained in defense-production activity or readiness for a certain period, the property often has been sold to the plant owner by negotiation. Such disposals entail complexities and potential undue advantage to the purchaser. The subject has been given careful consideration at the Full Committee and subcommittee level. As a result of questions raised, the explanatory statements now contain fuller justification for

such disposals, including information whether the items to be disposed of comprise all the Government-owned machinery and equipment at the facility in question and whether the property is part of a Defense Department Plant Equipment Package (PEP). Difficulties inherent in such disposals continued to be studied by the subcommittee to determine whether other procedures or other legislative authority could better effect the disposals.

EXPLANATORY STATEMENTS RELATING TO ASSIGNMENT OF SURPLUS
REALTY TO DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR
LOW AND MODERATE INCOME HOUSING

During the first session of the 94th Congress, the Committee received two such statements from the Administrator of General Services. The two statements, 44 explanatory statements referred to above, were not submitted pursuant to statutory requirement, but pursuant to an understanding (GSA letter of March 4, 1970, to the Committee) that an explanatory statement would be sent whenever GSA proposed to assign to the Department of Housing and Urban Development surplus real property to be sold or leased for low or moderate income housing.

Section 414 of the Housing and Urban Development Act of 1969 (40 U.S.C. 484b) authorizes DHUD to make such disposals at "fair value" which is intended to be less than "fair market value."

Section 414 requires DHUD to notify the House and Senate Government Operations Committees but only after the sale or lease. Such notification is also sent to the House Banking, Currency, and Housing Committee and to the Senate Banking, Housing, and Urban Affairs Committee.

When in October 1975 the subcommittee received GSA's explanatory statement concerning a DHUD request that GSA assign to it 80 acres and 36 housing units in Mono County, California, further information was requested. (The case is discussed under II.B., supra.) Inquiries were directed to several agencies, including DHUD. A communication from DHUD noted that the section 414 program was a modest one and that only four projects had been the subject of such transfers. The Department then disclosed that its files did not indicate whether the Committee notifications required by section 414 had been submitted and advised that a summary of the four transfers was being provided.

AGENCY REPORTS ON DISPOSALS OF FOREIGN EXCESS PROPERTY

During the 1st Session of the 94th Congress, the subcommittee received by referral from the Full Committee 16 executive communications transmitting individual reports to Congress by Federal agency heads concerning disposals of foreign excess property. Section 404(d) of the Federal Property Act (40 U.S.C. 514(d)) requires these reports.

In House Report 865, 90th Congress, the Committee recommended that the section 404(d) reports by Federal agency heads be reviewed with the objective of achieving more detail and greater uniformity of presentation. In 1973, GSA issued Standard Form 365 "Annual Report—Disposal of Foreign Excess Property", with preparation instructions. Experience with the new form indicates that the submit-

ting agencies are still not providing adequate detail, particularly those disposing of large quantities of property. On December 4, 1975, the subcommittee wrote to the Assistant Secretary of Defense (Comptroller) indicating the need for more information about excess property disposal operations than what had been provided on the SF 365 and requesting the Department to work with the subcommittee to improve such reports.

IV. Committee Prints

None.

V. Prior Activities of Current or Continuing Interest

See Section III., A.

VI. Projected Program for the Remainder of the 94th Congress

The subcommittee will continue to exercise its jurisdiction in three principal areas in the coming year. They are:

a. Air Safety.—The study of Department of Transportation handling of the certification of the SST Concorde will, after one further hearing, be reduced to a formal report. Collision avoidance and air traffic coordination studies will continue. Operations of the FAA Academy, reported upon in the first session, will continue under review.

b. Surplus Property.—Legislative and investigative studies concerning the proper and equitable distribution of Federal surplus property will continue, with hearings and reports anticipated in several areas. The continuing review of explanatory statements regarding disposal of excess real property will be emphasized.

c. Procurement.—Procedures by which the Federal Government purchases and leases property will be examined, with a particular emphasis on competitive bidding and contract management.

E. COMMERCE, CONSUMER, AND MONETARY AFFAIRS SUBCOMMITTEE

HON. BENJAMIN S. ROSENTHAL, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

None.

B. OTHER INVESTIGATIONS

1. Federal Trade Commission Condominium Decision and Operations.

a. Summary.—On March 24, 1975, as part of a new budgetary re-examination process, the Federal Trade Commission voted 3 to 2 to terminate its 20-month investigation of unfair and deceptive acts and practices in the sale of condominiums. The decision was based on the recommendations of the FTC's Office of Policy Planning and Evaluation (OPPE), an office created by the Commission in 1970 to set budgetary priorities. The Commission's Bureau of Consumer Protection, however, had recommended that the condominium investigation not be cut back.

The FTC decision caused concern among consumer groups, condominium owners throughout the country and state and local officials, particularly in Florida where 250,000 condominium units have been built in the last 5 years and where, it has been alleged, "More people are swindled . . . than anywhere else in the United States." These individuals and groups argued that the budgetary review process that buttressed the FTC decision was inefficient and faulty for the following reasons: First, because the condominium abuses reported to and investigated by the Commission involved major examples of deceptive advertising and other abuses prohibited by the Federal Trade Commission Act; second, because condominium-related abuses affect large numbers of individuals, involve substantial dollar expenditures by these individuals and seriously impair the use and resale potential of units; third, because state laws, particularly in Florida, provide inadequate remedies to damaged condominium purchasers; and, fourth, because the FTC's traditional and new statutory authority to require the rescission or revision of contracts in violation of the FTC Act, are particularly relevant to the type of condominium abuses alleged.

The subcommittee examined the procedures and policies which led to the decision, particularly the effectiveness and efficiency of the Office of Policy Planning and Evaluation and the relevancy of its application of cost/benefit budgetary analysis to the condominium program and other FTC consumer protection programs.

Hearings were held on April 20, 1975. Testimony was received from the Chairman and other senior officials of the Federal Trade Commission, the Assistant Attorney General of the State of Florida,

and numerous consumer groups and condominium owners. The transcript of those hearings will be printed and a report is in preparation.

b. Benefits.—As a result of the committee's intervention and investigation, the FTC reopened and expanded its investigation September of 1975 with a view to determining "the possibilities for consumer redress with particular emphasis on reformation of contracts or restitution." The reopening of the Federal Trade Commission investigation should result in a marked improvement in the practices associated with the sale of condominiums. If the Commission successfully brings its cases against developers in Florida and elsewhere who have been proved to have violated the Federal Trade Commission Act, then the economic benefits to condominium purchasers could run to the tens of millions of dollars.

2. Ingredient Labeling and Recalls of Alcoholic Beverages (Bureau of Alcohol, Tobacco, and Firearms, Treasury Departments).

a. Summary.—On November 11, 1974, the Bureau of Alcohol, Tobacco, and Firearms (BATF) of the Treasury Department announced its decision to withdraw its published proposals for the ingredient labeling of distilled spirits, beer and wine products. BATF had had such a labeling requirement under consideration since September of 1972.

In 1974, the Food and Drug Administration and BATF had entered into a Memorandum of Understanding that formalized a previous transfer of FDA's primary authority over the labeling of alcoholic beverages to BATF. This arrangement, which was designed as an efficiency measure in recognition of the overall regulatory authority that BATF exercises for the alcoholic beverage industry, recognized that the Federal Food, Drug and Cosmetic Act requires ingredient labeling for alcoholic beverages. Nevertheless, BATF declined to require such labeling.

The subcommittee also concerned itself with BATF's policies and procedures with respect to the recall or withdrawal of alcoholic beverages from the marketplace. Like other categories of food products, alcoholic beverages are occasionally withdrawn from the market or their shipment halted because of labeling deficiencies, adulteration, purity questions and the like. The subcommittee was interested in the absence of any systematic public announcement of such actions.

A hearing was held by the subcommittee into these issues on November 19, 1975. The hearing will be printed and a report is in preparation.

b. Benefits.—As a result of the subcommittee's investigation and concern over BATF's responsibilities under various statutes to require ingredient labeling of alcoholic beverages, the Food and Drug Administration announced that it would no longer defer to BATF on the subject of ingredient labeling and that it was, in fact, requiring such ingredient labeling to become effective on January 1, 1977. As to the procedures governing the recall of alcoholic beverages and publication of such recalls, BATF announced that immediately, it would publish the names of companies in violation of statutes administered by BATF "where the violation involved consumer deception where Bureau determines that public release will serve as a deterrent against violations in a particular market area." BATF also an-

nounced that the BATF Bulletin, published on a monthly basis, would contain instances involving mislabeling, gross underproofing or underfilling or other similar violations; and in withdrawals involving "flagrant consumer deception, unusually large quantities of a deficient product, or an imminent health hazard," "BATF headquarters will issue an immediate press release."

The FDA announcement and BATF revised disclosure procedures will provide the American consumer with important basic information (1) about the ingredients contained in the products he consumes and (2) the wholesomeness and quality of the alcoholic beverages he consumes and the manufacturing practices of alcoholic beverage producers.

3. Commerce Department Payment to the National Advertising Council for Promotion of the Free Enterprise System.

a. Summary.—The subcommittee conducted an investigation into the legality and propriety of the award of a contract by the Department of Commerce to the Advertising Council, Inc., for an all-media promotion of the American free enterprise system. At the time of the subcommittee's inquiry, the Commerce Department had already expended or obligated \$239,000 for the completion of Phase I of this promotion—a study of the attitudes of Americans toward our economic system and the preparation of a booklet explaining the system.

The subcommittee's investigation disclosed that of the \$239,000 spent or obligated for the free enterprise promotion, \$150,000 came from the reserve funds of the Economic Development Administration, whose function is to eliminate unemployment; and \$89,000 came from funds reserved for the Office of Minority Business Enterprise, whose function is to coordinate Federal efforts toward establishing, preserving and strengthening minority businesses.

The inquiry also disclosed that consumer groups and labor groups had been inadequately consulted by the Commerce Department and the Ad Council, prior and subsequent to the initiation of the campaign. Information received by the subcommittee indicated, as well, that the impetus for the campaign had come in a speech by the Chairman of the Board of Procter and Gamble Company and that the advertising agency assigned to carry out the campaign was the advertising agency for Procter and Gamble.

A hearing was held by the subcommittee on July 30, 1975. The hearing will be printed. A report is in preparation.

b. Benefits.—The subcommittee's investigation raised important questions as to the legality and propriety of utilizing funds earmarked for specific purposes (i.e., the reduction of unemployment and the promotion of minority business enterprise) for unrelated purposes. The investigation also raised questions as to the propriety of the expenditure/taxpayers' dollars for activities that could be considered the responsibility of private enterprise. It is anticipated that as a result of the subcommittee's work, the Commerce Department and perhaps other departments and agencies will be less likely to make non-essential government expenditures of this kind in the future.

4. Reintroduction of the \$2 Bill.

a. Summary.—In early 1975, the subcommittee became interested in the reissuance of the \$2 bill. The issuance was first proposed by the

Treasury Department's Bureau of Engraving and Printing in 1969, but no action was taken. No new legislation was required for such reissuance since the \$2 denomination is specifically authorized by Public Law 88-36 of June 4, 1963. Under the Federal Reserve Act, the Secretary of the Treasury determines both the design and denominations of the currency to be printed. Manufacture is the responsibility of the Bureau of Engraving and Printing and distribution into general circulation falls within the purview and operations of the Federal Reserve System.

The subcommittee's inquiry disclosed that there are marked advantages in resurrecting the \$2 bill. It has been specifically estimated that a reintroduction of the \$2 bill would save the United States Treasury approximately \$7 million per year. A May 1975 study by the Harvard Graduate School of Business Administration concluded that reintroduction of the \$2 bill was feasible and that it would result in substantial savings to the Treasury and benefits to consumers and business.

In June of 1975 the subcommittee communicated with the Treasury Secretary and the Chairman of the Federal Reserve Board urging immediate action to reintroduce the \$2 bill and enumerating the substantial advantages that would accrue upon such an issuance. On November 3, 1975, the Secretary of the Treasury announced approval of the plan for reintroduction of the \$2 bill and scheduled the initial distribution for April 13, 1976.

b. Benefits.—Based on its inquiry and the studies by the Bureau of Engraving and Printing and Harvard, the subcommittee estimates that reissuance of the \$2 bill will save the American taxpayer \$35 million over the next 5 years. If inflationary pressures continue to increase the cost of the printing of paper money, the resulting savings would undoubtedly be higher in succeeding years. The reintroduction will assist consumers and it will be advantageous to the banking and business communities by effecting economies in the handling, distribution and storage of paper currency.

5. Adequacy of Federal Agencies Studies Into National Impact of a New York Default.

a. Summary.—Given the magnitude and likely far-reaching effects on the banking system and the economy itself of a default by New York City on its outstanding debt obligations, the subcommittee initiated an inquiry into the adequacy of executive branch evaluations of such a default. The subcommittee undertook this inquiry in the context of its oversight responsibilities for the Federal bank regulatory agencies, the Council of Economic Advisers and the Department of the Treasury.

The purpose of the investigation was to determine whether these agencies had appropriately and thoroughly analyzed the impact of default on their own operations and activities under the various enabling statutes.

The subcommittee's inquiry found evidence that analysis of a New York default was inadequate. For example, although the close relationship between New York State and New York City financing was evident as early as July of 1975, the Comptroller of the Currency and the Federal Deposit Insurance Corporation failed to consider bank holdings of New York State and New York State agency obligations in their evaluations. One possible result of that omission would have

been a serious underestimation of the impact of default on the solvency of banks across the country. Evidence also indicated that the Council of Economic Advisers and the Federal Reserve Board may have inadequately evaluated the impact of default on the Nation's efforts at economic recovery and on international confidence in U.S. money markets.

Hearings were held on October 3 and November 7, 1975. They will be printed. A report is in preparation.

b. Benefits.—As a direct result of the subcommittee's investigation and hearings, the various bank regulatory agencies upgraded and updated their surveys of banks holding New York securities. The result was that the number of banks known to be holding significant amounts of such obligations increased from 546 to 954 across the country. The subcommittee's work in this area clearly assisted the Congress and the executive branch in formulating a response to New York's difficulties.

6. Federal Response to Financial Emergencies of Cities.

a. Summary.—The subcommittee initiated an inquiry into the operations of the Federal Government as they relate to the financial emergencies facing an increasing number of America's urban communities. In a July 1973 report entitled, "Cities Financial Emergencies," the Advisory Commission on Intergovernmental Relations identified 30 cities with serious fiscal problems, a number that is undoubtedly much larger today given the state of our national economy. The subcommittee examined the following issues: How should the operations of relevant Federal agencies adjust to the financial emergencies of our urban communities? To what extent do Federal monetary and fiscal policies, practices and procedures contribute to the money crises of our cities? Are the examination and audit policies and procedures of Federal banking regulatory agencies efficient in terms of identifying ways in which the loan and investment activities of banks affect the fiscal condition of our cities? Are the operations of relevant Federal banking agencies sensitive to the complex interrelationships between bank solvency and the financial needs of cities?

Hearings were held on June 23, 25, and 26, 1975.

Hearings have been printed.

b. Benefits.—Hearings and investigations carried out by the subcommittee in this area contributed significantly to public and congressional understanding of the appropriate role of the Federal Government in resolving municipal fiscal crises.

7. Oversight Hearings Into the Operations of the Council on Wage and Price Stability.

a. Summary.—The subcommittee conducted an inquiry into the operations of the Council on Wage and Price Stability. The Council, which was established in August 1974, is the primary monitor of inflationary trends in the economy and within the executive branch. During the first year of the Council's existence, the American economy had experienced the most severe economic difficulty since World War II.

The subcommittee inquiry focused on the Council's accomplishments since its inception, how it utilizes its resources, how it determines its priorities, whether it has addressed itself to the most significant actions—in terms of inflationary impact—by government and

the private sector. And, whether the Council is sufficiently independent to accomplish its objective.

The inquiry revealed that the Council's principal thrust has been in the area of evaluating the inflationary impact of Federal regulation—particularly that directed toward the environment and consumer protection. Little evidence was presented as to the specific accomplishments of the Council with respect to minimizing inflationary actions in the private sector.

Hearings were held on September 17 and 23, 1975. The hearings will be printed. A report is in preparation.

8. Oversight Hearings Into the Operations of the Internal Revenue Service.

a. Summary.—In early 1975, the subcommittee initiated a comprehensive and in-depth investigation into the operations of the Internal Revenue Service. The anticipated scope of these hearings includes the Intelligence, Inspection (Internal Security), Audit and Collection operations and activities of the Service. The oversight inquiry has examined or will examine, additionally, the interrelationship between the Internal Revenue Service and the Department of the Treasury, specific Intelligence and Inspection projects, both national and international, and the manner in which IRS audits corporate tax returns.

Specific Intelligence and/or Inspection operations and activities examined by the subcommittee include "Operation Sunshine," "Operation Leprechaun," "Projects Tradewinds/Haven," "Treasury-Narcotics Trafficking Tax Program," and the interagency relationships between the Justice Department and the Treasury/IRS. The subcommittee's inquiry has focused on the efficiency and economy of IRS operations. Hearings held on May 14 and 22, June 20 and 24, July 8, 29 and 31, September 11, October 6, November 4, 6 and 11 and December 15, 1975. Hearings will be printed. A report is in preparation.

b. Benefits.—As a result of the subcommittee's investigation the IRS has made significant changes in its rules, regulations and practices designed to insure the effectiveness of its intelligence-gathering operations and the safeguarding of the civil liberties of American taxpayers. Specifically, the subcommittee's investigation has resulted in changes in intelligence information gathering; use of informants, use of undercover agents, use of confidential or undercover funds, use of "administrative summonses," "termination of the tax year," and "jeopardy assessments".

In the area of more effective intelligence-gathering, the subcommittee's efforts contributed to an IRS-Justice Department agreement relating to the use of IRS agents in the Organized Crime/Strike Force program; the restoration of the Intelligence Project Haven; and, greater efforts at expediting the IRS-Campaign Contributions Project.

9. Federal Reserve Board's Consumer Information Policies and Its Use of the FBI To Investigate a Leak of Consumer Information.

a. Summary.—The subcommittee initiated an inquiry into the Federal Reserve Board's policies, practices and procedures with respect to the receipt, treatment and dissemination of information and data developed by its staff or received from member financial institutions, which might be useful to consumers. The inquiry also examined

the circumstances surrounding and justification for the Federal Reserve Board's use of agents of the Federal Bureau of Investigation to uncover the source of an alleged leak of bank interest rate information to Consumer Reports magazine.

A hearing was held on March 6, 1975. The hearing will be printed.

b. Benefits.—As a result of the subcommittee's inquiry, the Federal Reserve Board has undertaken to develop a comprehensive consumer information and dissemination program. The subcommittee intends to pursue the subject of consumer information with the Board and the other Federal bank regulatory agencies.

10. Operations of the Federal Bank Regulatory Agencies.

a. Summary.—The subcommittee has undertaken a comprehensive and in-depth review of the efficiency, effectiveness and adequacy of the examination and supervisory functions of the Federal bank regulatory agencies. These agencies—the Federal Reserve System, Comptroller of the Currency, Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board—regulate almost 20,000 institutions with assets aggregating over a trillion dollars.

Concern has been expressed in many quarters—including the Federal Reserve Board—over the adequacy of Federal bank regulation. The fundamental issue to be pursued by the subcommittee is whether regulatory procedures and practices of the banking agencies are efficient and adequate. The subcommittee will be focusing very closely on selected loan transactions in the real estate area, on "problem" banks and on failed banks. Specifically, the subcommittee will explore whether the procedures and practices of the Federal bank examiners are adequate for identifying and evaluating questionable banking practices; and whether the supervisory and regulatory response to information and data generated by the examination process is adequate.

b. Benefits.—Although the subcommittee's investigation is in its very early stages, it has already helped precipitate a reevaluation of performance by the Comptroller of the Currency and other Federal bank regulatory agencies.

II. Legislation

A. NEW MEASURES

1. H.R. 8948, a bill to amend the Accounting and Auditing Act of 1950, to provide for the audit, by the Comptroller General, of the Internal Revenue Service and of the Bureau of Alcohol, Tobacco, and Firearms.

a. Report 94-565, 94th Congress, first session.

b. H.R. 8948, as amended, authorizes the Comptroller General to conduct independent audits of the Internal Revenue Service and the Bureau of Alcohol, Tobacco, and Firearms of the Department of the Treasury. The purpose of the legislation is to resolve the longstanding differences between the General Accounting Office and the IRS and BATF over the right of GAO to gain access to all records necessary to perform regular and systematic audits. While authorizing GAO access, H.R. 8948 scrupulously safeguards the privacy and integrity of income tax returns and information from unauthorized disclosure and

subjects GAO employees to the same penalties and sanctions that presently govern any such unauthorized disclosure of tax information. Moreover, the final authority of the Secretary of the Treasury under Section 6406 of the Internal Revenue Code to make decisions regarding the merits of any claim presented under the Internal Revenue laws is not disturbed.

c. Passed the House of Representatives on October 20, 1975.

d. Hearings held on May 22 and September 11, 1975. The September 11, 1975 hearing entitled, "Amending the Accounting and Auditing Act of 1950" has been printed. The May 22, 1975, hearing will be printed.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

Following, is a listing of laws within the subcommittee's oversight jurisdiction which were reviewed by the subcommittee during oversight investigations:

- (1) Accounting and Auditing Act of 1950 (64 Stat. 834; 31 U.S.C. 65-67);
- (2) Bureau of Alcohol, Tobacco, and Firearms, Department of the Treasury, created by Treasury Department Order No. 221 (Transferring functions, powers, and duties over Alcohol, Tobacco, and Firearms from the Internal Revenue Service);
- (3) Bankholding Company Act of 1956 (70 Stat. 133; 12 U.S.C. 1841 et seq.);
- (4) Bankholding Company Act Amendments of 1970 (84 Stat. 1760; 12 U.S.C. 1841 et seq.);
- (5) Banking Act of 1933 (48 Stat. 162; U.S.C. various sections);
- (6) Bankruptcy Statutes;
- (7) Budget and Accounting Act of 1921 (42 Stat. 20);
- (8) Commerce Department Act of March 4, 1913 (37 Stat. 1736; 15 U.S.C. 150);
- (9) Comptroller of the Currency Office Act of February 25, 1863 (12 Stat. 665);
- (10) Council on Wage and Price Stability Act of August 24, 1974 (88 Stat. 750);
- (11) Bureau of Engraving and Printing Act (31 U.S.C. 415);
- (12) Federal Deposit Insurance Act (64 Stat. 873; 12 U.S.C. 1811-1831);
- (13) Federal Reserve Act (38 Stat. 251. Title 12 and 31 U.S.C.);
- (14) Federal Trade Commission Act (38 Stat. 717; 15 U.S.C. 41-51);
- (15) Housing Amendments of 1955 creating the Federal Home Loan Bank Board (69 Stat. 640; 12 U.S.C. 1437);
- (16) Internal Revenue Act of 1862 (12 Stat. 432; 26 U.S.C. 3900);
- (17) Internal Revenue Code of 1939 as amended;
- (18) Office of Minority Business Enterprise, Department of Commerce, created by Executive Order 11625, October 13, 1971;
- (19) Overseas Private Investment Corporation Act of December 30, 1969 (83 Stat. 805; 22 U.S.C. 2191);
- (20) Public Works and Economic Development Act of 1965, creating the Economic Development Administration, Department of Commerce (79 Stat. 552; 42 U.S.C. 3121).

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

During the first session of the 94th Congress, the Subcommittee had referred to it 16 GAO reports for formal action.

IV. Committee Prints

None.

V. Prior Activities of Current or Continuing Interest

1. "Income Tax Return Preparation—IRS and the Commercial Return Preparer; IRS Taxpayer Assistance Services." House Reort No. 93-600, October 19, 1973. Eighth Report by the Committee on Government Operations.

a. Beginning in April of 1972, the predecessor subcommittee—Subcommittee on Legal and Monetary Affairs—conducted a review of the operations of IRS as they relate to taxpayer assistance programs and IRS' overview of commercial preparers of Federal income tax returns. The Commerce, Consumer, and Monetary Affairs Subcommittee hearings into the same subject matter represented a followup of this prior activity.

Hearings were held by the Commerce, Consumer, and Monetary Affairs Subcommittee on December 15, 1975. They will be printed. Report in preparation.

b. Previously unreported benefits.—The Federal Trade Commission and the Internal Revenue Service, pursuant to the Legal and Monetary Affairs Subcommittee recommendation, cooperated fully to eliminate false, deceptive and misleading advertising by commercial tax preparers.

XI. Projected Program for the Remainder of the 94th Congress

The subcommittee intends to pursue vigorously its oversight investigations into the adequacy of Federal bank regulation and its investigation into the operations of the Internal Revenue Service. Additionally, the subcommittee intends to hold extensive consumer protection oversight hearings into the operations of the Federal Trade Commission and the Consumer Product Safety Commission. Additional hearings into other subjects will be undertaken as necessary.

F. MANPOWER AND HOUSING SUBCOMMITTEE

HON. FLOYD V. HICKS, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

1. "Housing for the Elderly: The Federal Response." House Report No. 94-376, June 22, 1975. First Report by the Committee on Government Operations.

a. Summary.—During the 92d and 93d Congresses, the Special Studies Subcommittee, the predecessor of the Manpower and Housing Subcommittee, investigated the problems of the aging, and fire safety violations in nursing homes. Hearings were held during eight days of the second session of the 93d Congress to assess the effectiveness of Federal housing programs in meeting the needs of this country's low income elderly. These hearings also examined the inter-relationship between elderly housing and institutionalization to determine whether a more effective housing program, coupled with supportive services, could enable some of the elderly now being institutionalized to live independently. While many of the elderly can live in housing that does not provide special architectural features or access to services, others require such features in order to continue independent living. Nor is enough known about how many of the elderly need special services or how the cost of providing these services compares with the cost of institutionalization. However, the need is considerable and is growing, as the older American age group is increasing faster than others. By 1990, 1 American in 9 will be over 65, compared to 1 in 25 at the beginning of the century. We should assure that government-supported housing being constructed for the elderly contain the necessary architectural features and be supported by appropriate health and personal services. The condition of elderly housing is even more critical in rural areas.

In its report based on these hearings, H.R. 94-376, the Committee recommended that the Administration on the Aging should lead the way in determining the present and prospective needs of the aging. This information would be similar to that required from grant applicants under Sec. 104(a)(4) of the 1974 Housing Act (P. L. 93-383). To fit procurement programs to the needs of the elderly requires a reasonably accurate stratification of the potential demand for various combinations of facilities and services that can be offered in conjunction with elderly and low-income elderly housing. The Committee also recommended that appropriate committees of the Congress consider legislation to promote home health care and homemaker services that enable many of the elderly to continue living independently.

In rural areas, the low income elderly are in even worse straits than in the cities. The Committee recommended that Farmers Homes Administration should make greater use of Sec. 504 home repair authority so that existing rural housing stock can be kept in adequate repair and thus provide decent housing for the rural elderly.

b. Benefits.—A significant number of the elderly now institutionalized could live independently if elderly housing and supportive services were available. In the majority of cases, monetary savings would accompany the undoubted benefits in the quality of elderly life that independent living provides. The cost of institutionalization ranges up to \$70¹ a day in some States, and the Federal Government is obliged to provide 50 to 80 percent² of this. Although elderly living at home or in elderly housing projects do receive Government benefits, the cost to the taxpayer is far less than paying for institutionalization including expensive medical services and other care that may not be needed. The cost benefits cannot be precisely calculated, because Federal agencies have not constructed enough elderly housing supported by services to permit accurate comparison. All of the experts who testified at the hearings, however, were in agreement that the tremendous social benefits to the elderly who continue to live independently would be accompanied by significant cost savings if expensive nursing home spaces could be released to those who really need them.

c. Hearings.—Hearings, entitled, "Specialized Housing and Alternatives to Institutionalization," were held in the 93d Congress, with witnesses from Federal agencies and community organizations testifying in Seattle and Tacoma, Washington, August 27, 28, and 29, 1974, and other Federal officials and experts in aging testifying in Washington August 12, 13, and 14 and November 19 and 20, 1974. The hearings were printed.

B. OTHER INVESTIGATIONS

1. Safety in the Federal Workplace.

a. Summary.—The safety of workplaces has been the subject of increasing concern as Congress and the public have become aware that workers sometimes become injured or diseased because of correctable hazards. The Federal Government is the largest employer in the country. Unlike private industry, Federal workplaces are not inspected by the Occupational Safety and Health Administration; but by Executive Order, Federal workers are to be provided an equivalent level of safety. Indeed, the President has said that the Federal Government should be an exemplary employer in this regard.

Because certain high-risk occupations account for a disproportionate number of injuries or illnesses, the subcommittee investigated the Federal Government's safety and health efforts in large industrial facilities such as shipyards, arsenals and air rework facilities. Field trips were made to a number of these activities, and agencies with major industrial operations, including the military departments and the Tennessee Valley Authority, testified on their safety and health programs. The subcommittee's investigation was directed towards determining whether the Federal Government was providing a level of safety equivalent to that demanded of the private sector and to identify areas

¹ Hearings, p. 279, 281.

² Hearings, p. 298, also 301.

where improvements were needed to make health and safety efforts more economical. Report prepared and awaiting action of full committee.

b. Benefits.—Monetary savings can be realized in several ways. The Federal Government presently spends substantial sums of money to operate safety and health programs. Several thousand people work in the fields of safety and industrial hygiene. Their mission is to minimize accidents and occupation illnesses, thus reducing lost work-time, compensation payments, and the human suffering that accompanies disabling injuries and accidents.

The hearings disclosed a lack of high level support for safety and health programs. Further, there is a need for clearer lines of authority. Today, there is duplication of training facilities, computer analysis of accident data, safety publications, and audio-visual training material among these agencies. The size of the Federal workforce and its integral unity permits data to be developed on a scale that may not be possible in the private sector. However, agencies have yet to take full advantage of this opportunity.

Payment of compensation for injuries or illnesses by the Federal Government has increased sharply over the past months, pointing to another opportunity for savings which would be achieved directly in money through reduced illnesses and accidents in addition to reduced human suffering from the illness or injury that is compensated in the first place. Lost worktime also imposes a high cost in reduced industrial efficiency, and many preventable accidents lead to destruction of costly equipment and materials.

c. Hearings.—Witnesses included safety and health officials with daily contact with safety problems at the installation level, ranking officials with safety policy responsibilities in the Department of Defense, the Military Departments and the Tennessee Valley Authority, and representatives of employee unions at both the local and national levels. The hearings, which were held in Charleston, South Carolina, on May 16 and in Washington, D.C., on June 23, 24, and 25 and July 14 and 18, 1975, have been printed.

2. Alleged Personnel Abuses in the Community Services Administration.

a. Summary.—After receiving a number of well-documented protests about personnel abuses in the Community Services Administration—the successor agency to the Office of Economic Opportunity—the subcommittee began hearings on these abuses. Those hearings disclosed that the Community Services Administration, which is responsible for distribution and monitoring of \$300 million in grants and has a payroll of \$20 million, not only had wasted money through poor personnel practices but also was handicapped by a patchwork organizational structure. Additional investigation disclosed that some legislative requirements were impeding rather than furthering careful review of grant performance, and that the morale of the agency was low because the work and the people were not properly matched. Considering the limited amount of money made available to the poor through this agency that acts as their advocate, the subcommittee believes that the efficient functioning of the Community Services Administration is of critical importance to the programs it administers to help the poor. The subcommittee also found that the advocacy func-

tion is severely crippled by current uncertainty as to whether CSA will be assimilated into HEW or remain independent. Evidence was uncovered that rather than being able to plead the cause of the poor before other agencies, the CSA had been effectively shut out of their deliberations.

A report has been prepared and is awaiting action by the full committee.

b. Benefits.—The hearings set into motion some immediate corrective actions, including a Civil Service Commission review of Schedule C appointments that showed that only four of 18 were proper both as excepted appointments and at the present grade. The agency accelerated efforts to complete its proposed reorganization, which had been under discussion for several months.

For the CSA to discharge its responsibilities effectively, an organization structure that reflects its current mission is critical. High-level positions unfilled for long periods result in the agency functioning without adequate direction from the top. Personnel abuses uncovered during the hearings drain away salary money, waste high level positions authorized for individuals who are expected to contribute to agency operations, and damage the morale of employees who witness favoritism to some while others are overworked. The reduction of unnecessary political appointments and the alignment of grades with responsibilities has already resulted in savings of several thousand dollars from the payroll. Greater savings are possible when the agency begins to operate in a way that permits it to monitor grants as it should and provide needed assistance to grantee organizations.

c. Hearings.—The Director of the Community Services Administration, members of his staff, representatives of the employee union, and cognizant officials of the Civil Service Commission testified in hearings on July 9, 10, and September 8 in Washington. The hearings, entitled, "Alleged Personnel Abuses in the Community Services Administration," have been printed.

3. Mortgage Servicing and HUD Property Management.

a. Summary.—As the result of the expansion of Government housing programs, principally through insurance of single- and multi-family mortgages, the Department of Housing and Urban Development became an insurer of mortgages worth billions of dollars. At the same time, a combination of poor underwriting, graft, corruption, improper servicing and sales problems have resulted in the loss of over a billion dollars, by HUD's own figures. The Federal Government owns over 60,000 houses at this time, on which it pays over \$25,000,000 a year in property taxes, and has accepted mortgage assignments for over \$2.6 billion worth of apartment houses. The subcommittee's objective in holding the hearings was to determine whether the Department's activities were minimizing the losses incurred in the disposition of this huge inventory, and also whether it was acting to keep acquisitions of homes and apartments to the absolute minimum. The subcommittee heard Departmental witnesses from both the central office and the field. It also took testimony from organizations that play a significant role in the Federal housing programs, such as the Federal National Mortgage Association, the Mortgage Bankers Association, the Savings and Loan League and non-profit counseling agencies.

Homeowners and local Government officials testified about the impact that HUD programs were having on their communities.

Several reports are being drafted covering various aspects of the complex activities of this agency. The subcommittee has also followed up with the Justice Department concerning its activities to recover money diverted from programs administered by HUD and received the Attorney General's comments. HUD has been asked to comment on the Justice Department suggestions.

The subcommittee also looked into allegations of improper suspension of Detroit demolition contractors by HUD. Members of the Michigan congressional delegation were apprised of the results of this investigation.

b. Benefits.—The Department of Housing and Urban Development is presently losing over \$7,000 per home whenever foreclosure forces HUD to pay off the insurance and re-sell or destroy the home. Recovery on multi-family sales is only about half the amount the project was insured for, in addition to the interest paid on Treasury borrowing that is tied up while HUD owns these buildings. "As is" sales sometimes accelerate the blight of communities, and boarded-up or abandoned buildings have been a target for vandals and a community eyesore. A fractional reduction in the number of foreclosures through better servicing of these loans can lead to savings of millions of dollars. More efficient management of multi-family units and speedier sales of those units that are foreclosed will add millions more to the savings column. Beyond these hard dollar savings are the immeasurable benefits to communities, homeowners and tenants whenever sound housing remains livable and stays in the hands of homeowners and project sponsors rather than reverting to the Government.

c. Hearings.—The hearings were held in Washington, and included the Secretary of HUD and other Departmental witnesses, representatives of the Mortgage Bankers Association, the Savings and Loan League, the Department of Justice, counseling and homeowners organizations, representatives of local government. Fourteen days of hearings, including seven days in July, four days in September and three in October, will be printed.

4. Employee Alcoholism.

a. Summary.—Following up on recommendations made in a Committee report in the 93rd Congress (H. Rept. 93-1316, "Occupational Alcoholism Programs for Federal Employees,") the subcommittee asked the General Accounting Office to gather information on employee alcoholism programs throughout the Federal Government as an indication of levels of agency compliance with the requirements of P.L. 91-616, the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970. GAO has completed its inquiry at the headquarters and is beginning a review at the installation level. The subcommittee also asked the Civil Service Commission which agencies were citing national security or sensitive position exemptions as reasons not to institute employee alcoholism programs.

b. Benefits.—The subcommittee's earlier studies gave clear evidence that sound employee alcoholism counseling programs pay for themselves by reducing lost time, employee turnover, and medical expenses,

while increasing employee efficiency. The survey requested of GAO should provide further information to identify those Federal agencies that have been dilatory in implementing this legislation.

c. Hearings.—None.

5. Control of Hazardous Materials Used in the Federal Workplace.

a. Summary.—Reports received from Federal industrial-type installations as well as information uncovered in the OSHA hearings indicated insufficient protection of workers from hazardous substances used in Federal workplaces. An investigation into this matter is under way, and hearings may be held.

b. Benefits.—Occupational illness is the least understood and most difficult to identify of any safety or health problem. Constant introduction of new materials into products used by Federal installations may require better safeguards of employee health. The potential savings through reducing illness and Federal compensation payments are considerable, especially since the hazards from new chemicals will increase unless adequate safeguards are developed.

6. Alleged Personnel Abuses in ACTION.

a. Summary.—After receiving complaints of personnel abuses in ACTION and a Civil Service Commission investigative report on these abuses, the subcommittee began an inquiry into the past personnel practices of this agency and its cooperation with the Commission. The investigation is continuing.

b. Benefits.—The Civil Service Commission's report cited violations of personnel regulations and improper political acts, including destruction of records. The major benefits of such an investigation would occur through corrective action that would put the most qualified people in available positions. This increases efficiency and saves money, although no figure can be attached to the value of reestablishing the integrity of an agency's personnel operations.

7. Wagner-O'Day.

a. Summary.—Following passage of the 1974 Amendments to the Wagner-O'Day Act, which provided permanent authorization for the Committee for the Purchase of Products and Services for the Blind and Other Severely Handicapped, the subcommittee continued to support the efforts of the Committee and interested non-profit agencies to develop the National Industries for the Severely Handicapped (NISH) to represent all the severely handicapped. These efforts have resulted in an increase in contracts for workshops employing the severely handicapped. In addition, the subcommittee responded to inquiries from Members of Congress on behalf of constituents from profit-making industry about designation of a portion of Government procurement of paperclips and wiping rags for production by the severely handicapped workshops. Our examination established that the size of the procurement designated for the handicapped workshops would not have significant adverse effects on the profit-making firms.

b. Benefits.—The subcommittee will continue to monitor the activities of the newly established NISH to determine whether workshops employing the severely handicapped are receiving an adequate share.

of designated contracts for goods and services. This provides current income for the disabled, who are otherwise eligible for welfare, and trains many of them for future employment in the private sector.

8. Intergovernmental Personnel Assignments.

a. Summary.—Following submission of a GAO staff study requested by the Chairman, the subcommittee initiated further inquiry into improprieties in selecting personnel for mobility assignments under the Intergovernmental Personnel Act. Allegations that agencies utilize the program to banish unwanted employees form part of the matter under continuing investigation.

b. Benefits.—Since the program's inception in 1971 the Federal Government has paid nearly \$43 million in salaries to employees on IPA assignment. Perhaps more important is the need to maintain the integrity of the legislation, originally enacted to facilitate better understanding between local, State and Federal levels of Government. As a result of the subcommittee's interest, the Civil Service Commission has already strengthened its regulations and increased its monitoring efforts.

9. HUD Support of Counseling Agencies.

a. Summary.—In its investigation and hearings on HUD administrative problems, the subcommittee received convincing reports that proper counseling of prospective or defaulting homeowners could significantly reduce HUD's losses in its various mortgage programs. HUD's present practice is to rely on counseling agencies while doing little to assure they are properly trained. We explored ways to increase the effectiveness of counseling with the Department, the National Federation of Home Counseling Agencies, and staff of the appropriations subcommittee.

b. Benefits.—Repeated studies have indicated that proper homeowner counseling reduces defaults and foreclosures. Currently, HUD's average loss when a home is foreclosed is over \$7,000. The subcommittee's investigation is continuing.

II. Legislation

A. NEW MEASURES

None on which hearings have been held or are planned.

B. CONTINUING REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

Wagner-O-Day.

(See "Other Investigations," Item I.B.7 above.)

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

During 1975, the subcommittee received 24 General Accounting Office reports for its consideration. The reports were evaluated on an individual basis and appropriate action was taken where necessary. In

three separate instances, the GAO testified at subcommittee hearings about work then under way—once during the hearings on Safety in the Federal Workplace and twice during the hearings on HUD property management.

IV. Committee Prints

None.

V. Prior Activities of Current or Continuing Interest

1. Federal Efforts To Control Drug Abuse.

The subcommittee's interest in the Federal strategy to combat drug abuse was recognized by the Special Action Office To Combat Drug Abuse, which asked the subcommittee to comment on the 1975 "Strategy" statement in draft.

2. Problems of the Aging.

The subcommittee's files on payment delays in the Supplemental Security Income program, diversion of personal need funds in nursing homes, and oversedation in nursing homes were transferred to the Select Committee on the Aging in April. The subcommittee also reviewed and distributed to interested Members of Congress a report by the GAO on Social Security Administration payment delays in the Black Lung program, which was prepared at the request of the predecessor Special Studies Subcommittee.

3. Fire Safety of the Aging.

The subcommittee received agency responses to the Committee report issued during the 93rd Congress and continued to discuss implementation of the recommendations with agency officials.

4. Proprietary Vocational Schools.

The subcommittee continued to monitor the activities of the Veterans' Administration, the Office of Education and the Federal Trade Commission in support of students and regulations.

G. GOVERNMENT INFORMATION AND INDIVIDUAL RIGHTS SUBCOMMITTEE

Hon. BELLA S. ABZUG, Chairman

I. Investigations

A. INVESTIGATIONS RESULTING IN FORMAL REPORTS

1. "The Use of Polygraphs and Similar Devices by Federal Agencies." House Report No. 94-795, January 28, 1976. Thirteenth Report by the Committee on Government Operations, Together with Separate and Dissenting Views.

a. Summary.—The report found that there is no hard scientific evidence to prove any validity of polygraphs in distinguishing truth from falsehood. This uncertain value, weighed with the enormous impact of compelled polygraph testing on an employee's constitutional rights and basic sense of dignity, led the committee to recommend that "the use of polygraphs and similar devices be discontinued by all government agencies for all purposes."

The report noted that since the subcommittee had made its initial study in 1965 of the use of polygraphs as "lie detectors" by Federal agencies, there had been improvement in the standardization of polygraph examiner training, and the Civil Service Commission had imposed certain constraints on the use of such devices in questioning applicants for and incumbents of competitive service positions. The survey conducted by the subcommittee also found that the government use of polygraphs dropped from nearly 20,000 tests given in fiscal 1963 to 6,889 tests in 1973. However, the study reached the same conclusion as the 1965 report that: "People have been deceived by a myth that a metal box in the hands of an investigator can detect truth or falsehood."

The Law Enforcement Assistance Administration told the subcommittee, for example, that "the effectiveness of the lie detection technique when it is used on criminal suspects outside of the laboratory has never been adequately resolved. * * * Polygraph examiners have consistently claimed an error rate of less than one or two percent. Unfortunately, their claims are unsubstantiated." The Justice Department has consistently opposed the admission of polygraph results into evidence at trials because of their uncertain reliability.

The committee concluded that even if it adopted the position of some agencies that the polygraph is useful solely as a secondary investigatory tool where the results of a polygraph examination alone are not considered conclusive, the inherent chilling effect upon individuals subjected to such testing clearly outweighs any purported benefit to the investigative function of the agency.

b. Benefits.—The potential realizable savings on the substantial Federal expenditures for polygraph machines and the salaries of

hundreds of Federal polygraph examiners are recurring in nature, but not readily determinable at this time.

c. Hearings.—Held on June 4 and 5, 1974, with witnesses from the American Civil Liberties Union, American Federation of Government Employees, Civil Service Commission, private sector suppliers and practitioners, and the Central Intelligence Agency, Department of Defense, and the Department of Justice. Transcripts printed.

B. OTHER INVESTIGATIONS

1. Survey of Practical Application of Security Classification Policy in Executive Order 11652.

a. Summary.—The subcommittee initiated a series of inquiries of selected agencies to ascertain facts regarding the practical application of policy in Executive Order 11652 for classifying information relating to the national defense or foreign relations as requiring protection against unauthorized disclosure. This survey is being conducted to assist in determining the efficacy of subsection (b) (1) of the Freedom of Information Act, which permits Federal agencies to withhold documents from public release if they are (A) specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy, and (B) are in fact properly classified pursuant to such Executive Order.

The inquiries are designed to ascertain whether the stated purpose of Executive Order 11652, as implemented by the agencies, is being achieved by (A) limiting the classification system to those matters which could reasonably be expected to cause damage to the national defense or foreign relations, and which lend themselves to being entered on accountability records for handling under prescribed security controls; and (B) reviewing classified items on a systematic basis to accomplish declassification at the earliest practicable date.

An investigation was also initiated into the status of records held in the National Archives which improperly bear classification markings as applied by Presidential commissions and other official bodies never assigned authority by the President to originally classify materials under the Executive Order.

b. Benefits.—Facts gained from this survey will assist in developing legislation that would further restrict the unjustifiable withholding of public access to government data, as continues as a common practice under the 1974 amendments to subsection (b) (1) of the Freedom of Information Act. The establishment of a workable security classification law would result in vast savings in the handling and storage of hundreds of millions of classified documents.

c. Hearings.—Initial hearing held November 11, 1975, with Dr. James B. Rhoads, Archivist of the United States and Acting Chairman of the Interagency Classification Review Committee. Transcript to be printed.

2. Inquiry Into the Destruction of Files Maintained by Former FBI Director J. Edgar Hoover, and Into FBI Recordkeeping Systems.

a. Summary.—As part of its continuing investigation of the economy and efficiency of information activities of the Federal Government, and in pursuit of its oversight jurisdiction over the Department of Justice, the subcommittee initiated an inquiry into the alleged

destruction of files which had been rumored to have been kept in the office suite of J. Edgar Hoover at the time of his death. Various reports in newspapers and magazines contained conflicting accounts of the nature of the files Mr. Hoover had and what exactly happened to them when he died suddenly on May 2, 1972. In September, 1975, the subcommittee obtained an FBI memorandum marked "Do Not File" which dealt with "Black Bag Jobs" (illegal entries). The subcommittee set out to determine the nature and extent of the "Do Not File" system and whether memorandums so marked might have been included in either the "Official and Confidential" or so-called "personal" files kept by Director Hoover. In the course of the subcommittee's investigation and hearing, a substantial amount of information concerning the Hoover files, the "Do Not File" system and FBI recordkeeping generally was made available to Congress and the public for the first time. Probable culpability for the destruction of the Hoover records was pursued. Report in preparation.

b. Benefits.—Monetary savings not ascertainable, but the intent of the probe is to improve integrity of Bureau records which are essential to public trust and administration of justice.

c. Hearings.—A hearing was held December 1, 1975. Witnesses included former Attorney General Richard G. Kleindienst, former FBI officials John P. Mohr and W. Mark Felt, Mr. Hoover's former personal secretary Helen W. Gandy, and John McDermott, Assistant Director of the FBI for Files and Communications. Transcript printed.

3. Status of Records of Watergate Special Prosecution Force.

a. Summary.—The subcommittee has attempted to determine what steps the Watergate Special Prosecutor intends to take to make his office's files available to the public now, or to preserve intact for scholars to examine in the future. The Special Prosecutor has agreed to consult with the subcommittee before access restrictions are placed in any agreement should the documents be turned over to the National Archives. A similar request has been made by the subcommittee should portions of the files be made available under the Freedom of Information Act.

b. Benefits.—No monetary savings ascertainable, but the enormous public and historical interest in these records require that proper arrangements be made for their safekeeping and availability, consistent with privacy and due process concerns.

4. Interception of Nonverbal Communications by Federal Agencies.

a. Summary.—As part of its oversight of the Federal Communications Commission, the FBI, and matters of privacy, the subcommittee is investigating allegations which first appeared in newspaper articles in the summer of 1975 that the FBI and National Security Agency had for years been intercepting without court order cables transmitted to or from the United States through various cable and communications companies. The program appeared vastly greater than any known FBI or CIA mail opening operation, and in apparent violation of section 605 of the Communications Act. A hearing was scheduled for October 23, 1975, but immediately prior to the hearing several of the scheduled witnesses notified the subcommittee they would only testify under subpoena. Accordingly, the full committee voted to issue subpoenas duces tecum to three cable companies, an NSA employee, three FBI agents, and one former FBI agent.

b. Benefits.—The manpower and resources required to obtain, record, and analyze the intercepted communications is considerable, but the dollar value of the privacy invasion of individuals whose messages had been routinely monitored is unascertainable. The investigation will determine the FCC's enforcement responsibility in this area, and the possibility of corrective legislation.

c. Hearings.—Initial hearing held October 23, 1975. Not printed.

5. Discrimination in Overseas Personnel Assignments by Federal Agencies and Contractors.

a. Summary.—Testimony from Executive branch witnesses disclosed a variety of discriminatory practices, including: a failure to consider women for assignment to attaché positions, evidenced by a long-standing department stricture that all attachés "must be married and bring wife"; a failure to assign black Defense personnel to several countries; and a failure to assign Jewish personnel to Saudi Arabia because of knowledge that the filing by applicants of documentary evidence disclosing their religion was used by that country as a basis for refusing visas.

On November 20, 1975, President Ford issued a directive banning such practices. The subcommittee is attempting to determine the adequacy of this order and steps being taken by the departments to adhere to its requirements. Follow-up hearings are planned for March, 1976.

b. Benefits.—The President's directive in some ways adopts the suggestions coming from the subcommittee's hearings.

c. Hearings.—Held on April 8, 9, and 10, 1975, with witnesses from the Department of Defense, Corps of Engineers, Department of State, Agency for International Development, Civil Service Commission, Departments of Treasury and Justice, and the American Jewish Congress. To be printed.

6. Telephone Monitoring by Federal Agencies.

a. Summary.—The subcommittee continued its inquiry begun in 1974 of the use of transmitter cutoffs, listening-in devices and other service-observing equipment used to monitor employee and citizen calls to and from Executive agencies. A draft report is being prepared and up-dated for consideration by the committee early in the second session.

b. Benefits.—A number of agencies have conferred with the subcommittee prior to instituting, or reducing, in-house telephone monitoring capability.

c. Hearings.—June 11 and 13, 1974. Hearings printed.

7. Army Maintenance of Files on U.S. Civilian Dissidents.

a. Summary.—Starting in 1965, the Army, using nearly 1,000 plain-clothes investigators, collected information on thousands of U.S. civilian political dissidents. The contents of many of these files were distributed to the FBI and Federal and local police agencies. Following public exposure in 1971, the Army ordered all its holdings destroyed, and repeatedly told Congress such orders had been carried out. At a subcommittee hearing on June 3, 1975, Defense Department representatives reiterated this position, but acknowledged that infrequent, unintentional infractions had occurred. It was also learned that a portion of a comprehensive Defense Department investigative index that referenced data to non-affiliated civilians, purportedly "destroyed" by Defense, had in fact been transferred to "historical maintenance tapes" and was still in existence.

Because of continuing allegations that various Defense Department files on U.S. civilians still exist, the subcommittee is continuing its inquiry.

b. Benefits.—Information gained from this study will assist in evaluating the adequacy of Privacy Act requirements to purge illegal and irrelevant data from agency file holdings, and the adequacy of safeguards to protect the security and confidentiality of government records.

c. Hearings.—June 3, 1975. To be printed.

8. Justice Department Prosecution of Cases Involving Government Personnel, and Issues of National Security.

The Department of Justice is charged by statute with the responsibility of investigating and prosecuting criminal cases on behalf of the United States. In so doing, it exercises the President's constitutional responsibility to take care that the laws are faithfully executed.

In 1954, the CIA approached the Justice Department, pointing out that in many cases involving CIA, prosecution would require public disclosure of sensitive Agency operations and procedures. The Justice Department responded that the Agency should itself investigate all allegations coming to its attention regarding criminal conduct by its employees or involving its operations. If, after investigation, probable criminal conduct was found, the Agency would then decide if prosecution should be precluded by the need to reveal sensitive information at trial. If so, the Agency should so indicate in its files, but not notify the Department of Justice of the case. In doing this, the Department of Justice appears to have abdicated its statutory duties and placed on the CIA the responsibility for investigating criminal conduct and making the prosecutorial decision.

The subcommittee is conducting an investigation of this arrangement and the particulars of one case involving a CIA employee, in which charges were dropped because of CIA insistence. Report in preparation.

b. Benefits.—Following the subcommittee's hearings, the head of the Criminal Division of the Justice Department formally revoked the 1954 arrangement with CIA and directed that cases with a potential for criminal prosecution be referred to Justice for consideration.

c. Hearings.—Held on June 25, July 22, 23, 29, and 31, and August 1, 1975. Witnesses included the Director of the Central Intelligence Agency, the present and former General Counsel, an associate in the CIA's Office of General Counsel, representatives of the Justice Department Criminal Division, the former U.S. Attorney in Chicago and one of his assistants. To be printed.

II. Legislation

A. NEW MEASURES

1. H.R. 9924, To Direct the National Commission on the Observance of International Women's Year, 1975, to Organize and Convene a National Women's Conference, and for Other Purposes.

a. Report number and date.—Report No. 94-562, October 14, 1975.

b. Summary of measure.—H.R. 9924 directs the National Commission on the Observance of International Women's Year, 1975, to or-

ganize and convene a National Women's Conference during 1976 in conjunction with the National Bicentennial year and International Women's Year. The National Conference will be preceded by meetings at the State or regional level which will serve to identify and focus upon specific issues for consideration by the National Conference and to select representatives to the National Conference.

c. Legislative status.—On September 30, 1975, after hearings on H.R. 8903, the subcommittee reported that measure to the full committee with amendments and recommended that the full committee report it to the House. On October 9, 1975, the full committee unanimously reported H.R. 9924, a clean bill including all of the amendments reported by the subcommittee. H.R. 9924 was considered by the House under suspension of the rules on October 20, 1975, but by a vote of 233-157 (two thirds not having voted in the affirmative), the bill was not passed. The bill was again considered by the House on December 10, 1975, and was passed by a vote of 252-162. The bill had passed the Senate by voice vote on December 11, 1975 and was approved by the President as Public Law 94-167 on December 23, 1975.

d. Hearings.—Hearings were held on September 30, 1975, on H.R. 8903. Hearings printed.

2. H.R. 11656, To Provide that Meetings of Government Agencies Shall Be Open to the Public, and for Other Purposes.

a. Report number and date.—Not reported.

b. Summary of measure.—The bill would require all multimember Federal agencies to hold their meetings in public, except for portions of meetings dealing with: information of a national security nature, internal personnel matters, matters relating to personal privacy or criminal charges and investigations, confidential trade or financial information, information that would lead to speculation in securities or commodities, information that would frustrate a proposed agency action if disclosed, information contained in bank condition reports, information concerning civil action or adjudications, and information required to be withheld by other statutes.

The bill includes procedures for closing and announcing meetings and requires that transcripts of closed meetings be made for purposes of judicial review.

The bill also includes provisions forbidding ex parte communications by persons interested in agency proceedings.

c. Legislative status.—After hearings on similar bills (H.R. 10315 and H.R. 9868), the subcommittee held mark-up sessions on H.R. 11007 on December 15 through 17, 1975, and on January 21, 1976. The clean bill (H.R. 11656) was favorably reported to the full committee on February 10, 1976. A similar bill, S. 5, passed the Senate on November 6, 1975, by a vote of 94-0.

d. Hearings.—Hearings on H.R. 10315 and H.R. 9868 were held on November 6 and 12, 1975. The transcript has been printed.

B. REVIEW OF LAWS WITHIN COMMITTEE'S JURISDICTION

1. The Federal Advisory Committee Act (P.L. 92-463).

This Act (1) requires each standing Congressional committee to make continuing reviews of advisory committees under their jurisdiction, (2) gives the Director of the Office of Management and

Budget responsibility for reviewing advisory committees and prescribing administrative guidelines and management controls, (3) sets forth certain reporting requirements by the President, (4) provides for phasing out advisory committees unless positive actions are taken to retain their existence, and (5) prescribes procedural requirements for advisory committees.

The subcommittee received and, on a selective basis, reviewed the annual report submitted by the President on advisory committees. Amendments to improve the effectiveness of the Advisory Committee Act are being considered. Hearings are planned for early spring, 1976, to examine instances of noncompliance with the Act as well as proposed amendments.

2. Freedom of Information Act (P.L. 90-23 and 93-502; 5 U.S.C. 552).

The subcommittee continues its review of the administration of the Act. Particular emphasis has been placed on overseeing implementation of the recent amendments to the Act, which were enacted over President Ford's veto in November, 1974. The amendments were passed to cure deficiencies in the Act, as detailed in extensive hearings held by the subcommittee between 1972 and 1974.

The regulations issued by agencies handling the largest volume of FOIA requests have been reviewed and analyzed. Of principal concern has been Executive branch compliance with the new procedural requirements set forth in the 1974 amendments, including reasonable fee schedules and specific time limits for response to data requests and litigation. Also examined have been the adequacy of published agency indexes of certain classes of records as required by the amended Act; provisions for the waiver of fees when the files to be released are of public interest; *in camera* court review of all withheld records; the administration of sanctions for officials who arbitrarily withhold available records; and the handling of the newly refined (b)(7) subsection for permissibly withholdable investigative records.

Subcommittee inquiries have prompted the Justice Department, for example, to review its accounting procedures for FOIA requests, and to draft a handbook of its policy guidelines for use by other agencies in administering the Act. Oversight hearings on the operation of the Act are planned for the spring of 1976. As noted in I.B.1. above, further amendment of subsection (b)(1) of the Act relating to information classified for national defense and foreign policy purposes is also being explored.

3. Privacy Act of 1974 (P.L. 93-579; 5 U.S.C. 552(a)).

The Privacy Act, which became effective September 27, 1975, requires each Federal agency to publish the existence of all records systems it maintains pertaining to individuals and to publish the essential characteristics of each system. The law sets certain restrictions upon disclosure of records or information in such systems. With certain exceptions for law enforcement records, Central Intelligence Agency and Secret Service records and records exempt from disclosure under subsection (b)(1) of 5 U.S.C. 552, access to an individual's records by such individual is mandated. In addition to access, the individual is permitted to request correction of inaccuracies or to supplement the record.

The subcommittee has attempted to ascertain if the published listings of records systems conform to the requirements of the statute, and if all file systems on individuals have been appropriately noted and described. For example, the Federal Bureau of Investigation's listing of a single "Central Records System" appears not to conform to the Act, and the Government Accounting Office as noted in III.A.1. below has been asked to audit the number of individual indexes maintained by the FBI.

The subcommittee followed closely the initial implementation of the Act, working with the Office of Management and Budget's Privacy Act task force and studying its draft guidelines. A hearing was held June 3, 1975, with representatives from Defense, Justice, and HEW to examine the state of agency preparation for the Act's effective date in September. A workshop was organized to familiarize congressional caseworkers with the Act's provisions. Throughout the year conferences were held with all the major Executive departments on their compliance with the Act, and problems associated with it.

Talks were initiated with the Defense Privacy Board to insure adequate release policies for newsworthy information falling within the Privacy Act and involving department personnel. A study of the collection of personal information by the Food and Drug Administration which might be inconsistent with the Privacy Act provisions was undertaken. A continuing problem was the use by agencies of the Privacy Act to withhold release of material otherwise available under the Freedom of Information Act. For example, the State Department cited the Privacy Act to bar public access to a list of departmental employees holding original classification authority.

Another matter which occupied the subcommittee's attention was the undue restrictions placed by a number of agencies on supplying information to congressional offices handling constituent casework. Several departments insisted that all communications between a congressional office and the agency regarding an individual's problem with the agency be accompanied by a written letter of consent from the individual. This frustrated the normal handling of many minor inquiries by Congressmen acting on behalf of constituents, and tied up the resolution of those requiring immediate attention. Since the intent of the Act was to help citizens obtain access to their records and ease their problems in dealing with the bureaucracy, meetings with the Executive agencies were arranged. It was agreed to handle this type of data exchange as a normal "routine use" under the Act, and an OMB guideline was issued to allow agencies to answer telephonic inquiries made by congressional offices on behalf of constituents who had asked for help.

A large volume of correspondence from citizens regarding their own requests for access to file described problems with the Act and lax compliance. These were investigated, and answered.

Hearings were held on March 3 and 13, and June 25, 1975, to examine the exemption from certain disclosure and access requirements of the Act for the Central Intelligence Agency, Secret Service, and Internal Revenue Service. The subcommittee began an extensive investigation of the policies of these agencies regarding the collection of personal information coming under the scope of the Privacy Act.

III. Other Current Activities

A. GENERAL ACCOUNTING OFFICE REPORTS

During the first session of the 94th Congress, the subcommittee received 22 General Accounting Office reports as referrals from the full committee. In addition, four GAO reports were requested by the subcommittee in connection with its ongoing investigative work in various fields. These later included:

1. An inventory of all FBI systems of records on individuals, following subcommittee receipt of an opinion from the Congressional Research Service's American Law Division finding the FBI's published notice under the Privacy Act of a single "Central Records System" inadequate, as not including notice of an FBI security threat list and similar indexes.

2. Responses to selected questions about a number of Federal Government special libraries performing clearinghouse functions for scientific and technical information, as well as an expression of view on the extent to which duplication and over-lapping of these activities exist.

3. An examination of the Inspection Division of the FBI and the quality of its self-audit procedures and program resource management.

B. OTHER REPORTS OR STATEMENTS

None.

IV. Committee Prints

"Freedom of Information Act and Amendments of 1974 (P.L. 93-502); A Source Book: Legislative History, Texts, and Other Documents." A joint committee print with the Administrative Practice and Procedure Subcommittee of the Senate Judiciary Committee, presenting the legislative history of the 1974 Amendments to the Freedom of Information Act, and summarizing the 3-year investigative and legislative efforts to strengthen and improve the operation of the Act. The large volume of citizen requests for access to government files and the many court cases involving statutory interpretation of the Act have made this an extremely useful volume.

V. Prior Activities of Current or Continuing Interest

These are described under I. and II. above.

VI. Projected Program for Remainder of 94th Congress

The subcommittee will continue its investigative and legislative efforts in the subject areas listed in I., II., and III. above.



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